

**YANGON UNIVERSITY OF ECONOMICS
DEPARTMENT OF COMMERCE
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**EFFECT OF CREDIT MANAGEMENT PRACTICES ON
FINANCIAL PERFORMANCE OF HAYMAN CAPITAL
MICROFINANCE COMPANY LIMITED**

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EMBF II – 09
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**EFFECT OF CREDIT MANAGEMENT PRACTICES ON
FINANCIAL PERFORMANCE OF HAYMAN CAPITAL
MICROFINANCE COMPANY LIMITED**

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requirements for the degree of Master of Banking and Finance

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ABSTRACT

The objectives of this study are to identify the credit management practices and to examine the effect of credit management practices on the financial performance of Hayman Capital Microfinance Company Limited. This study underlined the importance of credit management, including credit policy, credit appraisal process, credit collection practices, control and monitoring, and recovery process, in microfinance institutions like Hayman Capital Microfinance Company Limited. The primary data were collected through questionnaires and samples from 157 of the 210 employees at Hayman Capital Microfinance Company Limited. Previous papers, textbooks, and Hayman Capital Microfinance Company Limited records provided secondary data. Data was analyzed using descriptive, correlation, and multiple regression. The study found that the credit appraisal process, credit collection practices, control and monitoring, and credit recovery improve the financial performance of Hayman Capital Microfinance Company Limited. The study advised the management of Hayman Capital Microfinance Company Limited to improve to strengthen credit evaluation, collection, control, and monitoring, and credit in order to improve financial performance. The study found that credit policy did not affect the financial performance of Hayman Capital Microfinance Company Limited. Therefore, management needs to review the credit policy.

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CHAPTER I

INTRODUCTION

Credit management involves managing and controlling a company's credit practices to recover debts on time and reduce the risk of non-payment. It involves calculating consumer creditworthiness, credit limits, and payment arrangements. The objective is to boost sales while decreasing late payments and bad debts. Credit management helps businesses sustain cash flow and satisfy operational demands. Credit rating systems and collection methods help companies manage credit and decrease financial risks (Atrill & McLaney, 2019).

Financial institutions globally need credit management to stay stable and profitable (Moti et al., 2012). Financial institutions can reduce defaults and NPLs by assessing borrowers' creditworthiness (Ghosh, 2015). Effective credit management optimises resource allocation, working capital utilisation, and sustainable growth (Bessis, 2015). These measures also assist institutions comply with Basel III, promoting financial stability (Basel, 2017). Well-implemented credit management methods increase financial system stability and resilience amid economic volatility (Kashyap, 2016).

Credit management is important for Microfinance Institutions (MFIs) in Myanmar since they work with low-income people who don't have easy access to regular banks (Moti et al., 2012). MFIs can lower the risks of lending by doing a proper credit evaluation. This is particularly essential because defaults are more likely to happen in the micro-lending sector (Ghosh, 2015). These organizations may make the most of their limited resources by managing their credit well. In addition, Myanmar's MFIs must follow the rules established by the Myanmar Microfinance Supervisory Committee, which demands strong credit management to stay in compliance and keep their finances stable (Basel, 2017). When the economy is unstable, sound credit management makes sure that MFIs can keep helping disadvantaged groups, which makes Myanmar's economy stronger as a whole (Kashyap, 2016).

Hayman Microfinance is among the top 20 microfinance institutions, along with LOLC, Sathapana, and Hana. Financial Regulatory Department, Ministry of Planning and Finance, Myanmar, grants Hayman Microfinance micro-deposit-taking microfinance for offering deposit products to the public. This study explores how credit

management practices affect the financial performance of Hayman Capital Microfinance Company Limited to find areas for improvement and offer solutions. This study employs quantitative analysis and case studies to compare the existing procedures of institution to industry standards and best practices to assess the effect of credit management techniques on revenue, profitability, and liquidity.

Credit management in microfinance involves establishing comprehensive credit policies, evaluating borrowers' creditworthiness, implementing effective credit collection strategies, and maintaining strong control, monitoring, and recovery processes in place. A well-defined credit policy ensures that MFIs establish clear guidelines for lending, which minimizes risks and enhances the efficiency of resource allocation (Mwaurah, 2013). The credit appraisal process, involving a thorough evaluation of borrowers' creditworthiness, helps MFIs assess risks accurately and reduce default rates, directly impacting profitability (Ghosh, 2015). Effective credit collection practices ensure timely repayments, improving cash flow and reducing the risk of non-performing loans (NPLs), which enhances the financial sustainability of MFIs (Poudel, 2020). Control and monitoring systems enable MFIs to track loan performance, identify early warning signs of default, and take corrective actions, which contribute to better risk management and improved financial outcomes (Bessis, 2015). The effective credit recovery process helps the organization get back the money it owes, which reduces losses and improves its overall financial health (Kashyap, 2016). These integrated credit management practices collectively support the long-term financial success of MFIs by reducing risks and ensuring a steady flow of resources.

This study holds particular relevance for Hayman Microfinance's executive leadership, investors, and regulatory stakeholders. By elucidating the deterministic relationship between credit management and financial performance, the study contributes substantively to the academic discourse on microfinance operations.

1.1 Rationale of the Study

Credit management is critical for microfinance and finance organizations that lend money since it has a direct impact on their stability and long-term success. The quality of a microfinance institution's (MFI) credit management system is essential for its long-term viability, as the most significant risk faced by microfinance businesses is loan repayment failure after disbursement (Mwaurah, 2013). The main difference between the credit products offered by banks and microfinance firms is whether the

loans are secured or not. MFIs cannot take collateral for their loans like banks do. Therefore, they have to be extra careful when managing credit (Bessis, 2015).

Microfinance institutions are particularly important for financial inclusion in Myanmar, as they provide access to financial services in a country where formal banking services are limited. According to the Myanmar Financial Sector Report (2013), less than 20 percent of the population has access to formal financial services, leaving 80 percent without such access. In this context, microfinance plays a pivotal role in providing financial services where traditional banking institutions are scarce. To ensure their continued growth and to expand their client base, microfinance institutions must implement strong credit management practices and effective credit control measures, which also help mitigate the risk of borrower over-indebtedness (Ghosh, 2015).

Microfinance Institutions (MFIs) need a well-structured credit policy to ensure a consistent approach to lending. It provides clear guidelines on loan eligibility, limits, and repayment terms, helping to mitigate lending risks (Mwaurah, 2013). The policy makes sure that loans are granted based on established criteria, promoting fairness and transparency in lending decisions (Bessis, 2015). Moreover, a sound credit policy aligns the institution's lending practices with regulatory requirements, ensuring compliance with local financial regulations (Ghosh, 2015). This policy is also the basis for managing credit risk and keeping the institution's finances stable.

The credit appraisal process is essential in assessing the creditworthiness of potential borrowers in MFIs. This process helps lower the risk of loan defaults by checking borrowers' ability to pay back the loan and their financial situation (Ghosh, 2015). A thorough credit assessment ensures that loans are granted to individuals or businesses most likely to repay, thus protecting the MFI's financial health (Poudel, 2020). This process not only helps in effective risk management but also contributes to the overall profitability of the institution by reducing non-performing loans (NPLs) (Bessis, 2015). MFIs may make smart lending decisions and keep their loan portfolios healthy by using good credit appraisal methods.

Credit collection practices are important for ensuring timely repayments and maintaining the liquidity of MFIs. Effective collection strategies, such as regular follow-ups and setting clear repayment schedules, help prevent delinquency and maintain steady cash flow (Poudel, 2020). MFIs that implement efficient credit collection processes are better positioned to reduce bad debts and minimize the risks

associated with loan defaults (Ghosh, 2015). Moreover, well-executed collection practices can improve customer relationships by providing borrowers with clear expectations regarding repayments (Mwaurah, 2013).

Control and monitoring are imperative for tracking loan performance and identifying early symptoms of repayment problems. Regular monitoring of borrower accounts and loan portfolios allows MFIs to detect delinquency at an early stage, enabling proactive measures to mitigate risks (Poudel, 2020). Control measures, such as regular loan reviews, assist in identifying trends and potential problems in loan performance, allowing MFIs to take corrective actions before defaults occur (Bessis, 2015). Effective control and monitoring systems support better risk management by ensuring that MFIs maintain a high level of operational efficiency and financial stability (Mwaurah, 2013).

The credit recovery process serves a function for minimizing losses from non-performing loans and safeguarding the financial position of MFIs. This process includes negotiating new repayment terms with borrowers, pursuing collections, and, if necessary, taking legal action to recover outstanding debts (Kashyap, 2016). A strong credit recovery strategy helps MFIs recover as much of the loan as possible, which directly impacts their financial viability (Bessis, 2015). By maintaining an effective recovery process, MFIs can preserve their capital base and continue to lend to other clients, contributing to their growth and sustainability (Poudel, 2020).

Given Myanmar's shifting economy due to political instability and the COVID-19 outbreak, this study is important. Like many national microfinance organizations, Hayman Microfinance has seen loan performance swings. Hayman Microfinance's loan defaults are rising, requiring an immediate credit management review.

Credit management procedures and Hayman Microfinance's financial success are the focus of this study. The analysis identifies crucial credit management criteria to assist the firm in enhancing its financial health and operational efficiency. This is crucial as Hayman Microfinance seeks to reconcile its social objective with financial survival.

This study also fills a vacuum in the literature by concentrating on Myanmar's microfinance industry, whose economic and regulatory conditions bring distinct difficulties and possibilities. The study findings will benefit Hayman Microfinance and help other MFIs in similar situations understand microfinance credit management.

1.2 Objectives of the Study

The main objectives of the study are as follows:

- To identify the credit management practices in Hayman Capital Microfinance Company Limited
- To analyze the effect of credit management practices on financial performance of Hayman Capital Microfinance Company Limited

1.3 Scope and Method of the Study

This study focuses on the practices of credit management and the performance of financial institutions. This research investigates the methods of credit management used by Hayman Capital Microfinance Company Limited. Three elements of the surveys address the demographics of respondents, credit management practices (credit policy, credit appraisal process, credit collection practices, control and monitoring, and credit recovery process), and financial performance.

The study population is estimated at 210 employees who work in management and operations. Simple random sampling is used to collect data from 157 employees to provide a representative sample. This sample size is about 75% of the overall population, which is a statistically significant amount for the analysis. This study used a quantitative research method to examine the effect of credit management practices on financial performance. The primary data were collected from Hayman Microfinance employees' surveys utilizing standardized questionnaires. A five-point Likert scale questionnaire is employed. Secondary data came from Hayman Microfinance's internal reports, credible websites, textbooks, research publications, and articles. Descriptive, multiple linear, and correlation analyses were used.

1.4 Organization of the Study

There are five chapters in this study. The first chapter provides an introduction, rationale, objectives, scope and method, and the organization of the study. The second chapter covers the concept and the theoretical background of credit management. The profile of Hayman Microfinance and credit management practices at Hayman Microfinance is covered in the third chapter. The fourth chapter analyzes the effect of credit management practices on the financial performance of Hayman Microfinance. The fifth chapter is the conclusion of the study, which includes findings and discussions, suggestions and recommendations, and needs for further research.

CHAPTER II

THEORETICAL BACKGROUND

This chapter discusses the theoretical foundations of credit management in microfinance institutions. It identifies the concepts of credit management as well as the processes involved in credit management, such as credit policy, the credit appraisal process, credit collection practices, control and monitoring, and credit recovery strategies in microfinance institutions. This chapter also presents the conceptual foundations of this study.

2.1 Concept of Credit Management

Credit management is crucial to every business. Whatever its industry, credit line suppliers must consider it. It ensures clients pay for goods and services. Myers and Brealey (2003) defined it as an enterprise's methods for maintaining an ideal credit level and successful management. Credit evaluation, assessment, scoring, and reporting are part of financial administration. Nelson (2002) defined credit management as how a company handles its credit sales to maximize profitability. This is required for every firm offering lines of credit, as credit risk default is unavoidable.

Credit management begins with assessing the client's repayment history, according to IJASOS (2018). It will be severe if the bank raises a client's credit limit. Credit management does not safeguard financial institutions or money-related organizations against financial disasters. It prevents consumers from making unattainable promises. Credit management done well benefits customers and lenders.

Nzotta (2004) stressed the need for credit management for commercial banks and other financial organizations. He noted that lending choices and hazardous asset management greatly affect deposit institution stability. Credit management also indicates deposit institutions' credit portfolio quality. Successful credit management requires educated and effective client credit limit management.

2.2 Credit Management Practices

Credit management entails issuing and enforcing the company's credit policy on customers and employees (Myers & Brealey, 2003). In Accra, Ghana, Norell (2001) examined how microfinance institutions (MFIs) reduced debt. The research

recommended that credit officers monitor debt, maintain flexible and updated credit standards, educate customers before granting loans, and incentivize field-based credit officers to reduce debtors' outstanding credit. The following are microfinance credit management practices:

2.2.1 Credit Policy

Credit product design is critical to delinquency and credit management. Credit products' loan size, length, interest rate, fees, repayment schedule, needed deposits, and other terms are crucial (Ledgerwood, 1999; Schreiner, 2002). Every credit product has a specific aim and reduces credit risks efficiently.

Client orientation helps understand clients. Clients learn about lending through client orientation and training (Armendáriz & Morduch, 2010). Urban clients may understand loan interest, payment methods, and timetables. Rural clientele may be unfamiliar with formal loan terms and nature (Helms, 2006). Client illiteracy about credit products and lending may increase delinquency (CGAP, 2009). Before lending, developing country microfinance organizations educate customers about the product and the payback procedure (Rutherford, 2000).

2.2.2 Credit Appraisal Process

The credit appraisal process is a systematic procedure used by financial institutions to assess the creditworthiness of a potential borrower before extending credit. This process involves a thorough evaluation of the borrower's financial health, repayment capacity, credit history, and loan purpose, as well as an analysis of collateral, if applicable. According to Saunders and Cornett (2018), the credit appraisal process is critical for minimizing credit risk and ensuring that loans are granted to borrowers likely to fulfill their repayment obligations. The process typically includes document verification, financial statement analysis, risk assessment, and decision-making based on predefined credit policies. A robust credit appraisal process protects the lender from potential defaults and ensures fair and responsible lending practices.

The credit appraisal process in microfinance institutions (MFIs) is a fundamental mechanism for evaluating the creditworthiness of borrowers and ensuring responsible lending practices. This process involves a comprehensive assessment of loan applicants based on key factors such as repayment capacity, business sustainability, and financial behavior. Unlike conventional banking institutions, many

MFI's adopt character-based lending approaches, wherein social networks and group guarantees function as alternative forms of collateral (Armendáriz & Morduch, 2010). The appraisal framework typically encompasses financial analysis, household cash flow evaluations, and business profitability assessments to determine the feasibility of loan disbursement. Additionally, integrating digital credit scoring tools has significantly enhanced the efficiency of loan evaluations while mitigating potential biases in the approval process (Ghosh, 2013). A well-structured credit appraisal system is instrumental in minimizing credit risk and fostering responsible financial inclusion.

2.2.3 Credit Collection Practices

According to Kariuki (2010), organizations should implement policies to enhance effective credit management. Collection policy is one such policy that is required to encourage clients to pay their bills on time, especially slow payers and non-payers. It should ensure that payments are received on or as close to the due date as possible. Kairu (2009) highlighted eight credit collection methods that organizations can use for effective and efficient payment collection.

The collection practices include telephone calls, letters, faxes, emails, customer visits, marketing teams, statement messages, and withholding supplies and services. Effective telephone use is one of the most important skills, as the debtor and the creditor are put into personal contact. Since there is not enough time to call everyone, letters can be used, especially for habitually late payers. Thirdly, the collector should visit key debtors at intervals to strengthen the collection relationship and discuss the challenges the clients may be experiencing. Withholding supplies or services will pressure the debtor and limit the risk, especially where the customer is perceived to be financially challenging.

2.2.4 Control and Monitoring

It refers to continuously assessing unpaid amounts to determine whether clients fulfill their payment commitments. Since incomplete information increases transaction costs by extending the average collection period, this practice shows a company's ability to notify its debtors about their outstanding balances and due dates (Megginson & Scott, 2008). A company must continuously assess its debtors to thrive in a competitive market (Richard, 2008). To avoid complications, Kaleb (2014) argued that a company should constantly keep an eye on its debtors. It also highlights the need for a company

to get more information from other lending institutions and to enter into agreements with guarantors. A company can use the average collection period to determine how many days a customer will take to pay the outstanding balance (Graham et al., 2010). According to Sheba (2012), a short collection period indicates that the lender has successfully carried out debt monitoring and has committed its resources to lowering the number of debtors.

On the other hand, a lengthy credit collection period reflects the company's management inefficiency and shows that it cannot adequately monitor its outstanding debts. The Loss Given Default technique has been implemented by microfinance institutions (MFIs) to monitor and manage debtors. This strategy is recommended because it enables the company to focus on customer deposits in return for loans; larger savings improve the MFI's capacity to use the saved funds to settle the outstanding balance. Since most clients are inclined to save and see savings as an investment, this strategy is commonly used in developing countries (Baxxauli & Alvarez, 2009). That is what Cantor et al. (2006) say. The lending and savings policy of the company determines LGD, which is commonly stated as a percentage of the loan amount disbursed. Developing countries commonly use this debt management strategy (Kalunda et al., 2012).

2.2.5 Credit Recovery Process

Credit recovery processes are crucial techniques financial institutions utilize to recover outstanding debts, frequently aided by third-party debt collection agencies (Sharma, 2016). These tactics aim to optimize the debt collection process, resulting in considerable savings in time and expenses while enhancing liquidity (Kamar & Ayuma, 2016). Kipsang (2020) identified several credit recovery strategies: credit monitoring, adverse credit listings, loan limit reductions, fines and penalties, involvement of debt collection agencies, recovery from guarantors, and legal action as a final measure.

The efficacy of these credit recovery measures significantly influences the financial performance of Microfinance Institutions (MFIs), especially in reducing non-performing loans (NPLs) and maintaining sufficient liquidity for continuous lending. Research by Hermes and Lensink (2011) indicated that microfinance institutions employing structured recovery procedures experience elevated repayment rates and improved profitability. Effective recovery procedures stabilize cash flows, allowing these institutions to expand their outreach and diminish client borrowing costs.

Additionally, utilizing digital repayment tracking and automated reminders can enhance the efficacy of recovery initiatives, resulting in diminished operational expenses and decreased default risks. Poor recovery tactics can lead to financial instability, heightened write-offs, and reduced investor confidence. Consequently, efficient recovery strategies are essential for the ongoing financial stability of MFIs.

2.3 Financial Performance

The financial performance of a financial institution often derives from its financial condition and organizational structure. It encompasses strategies and methodologies to enhance a company's expansion while reducing capital costs and optimizing returns (Pandey, 2015). Turyahebya (2013) embraced Stoner's (2003) definition of financial performance as a firm's capacity to function efficiently, yield profit, expand, and adjust to the evolving business landscape. Financial performance enables managers to assess the results of business strategies and actions objectively. Consequently, it allows decision-makers to assess the financial condition of a financial organization (Kariuki, 2010).

The financial performance of microfinance institutions (MFIs) is a crucial metric for assessing their sustainability, efficiency, and capacity to fulfill financial inclusion goals. Cull, Demirgüç-Kunt, and Morduch (2009) asserted that microfinance institutions must reconcile financial sustainability with their social objective of offering inexpensive credit to low-income borrowers. Essential financial performance indicators encompass portfolio quality, return on assets (ROA), return on equity (ROE), and operational self-sufficiency. Elevated repayment rates and few non-performing loans (NPLs) enhance financial robustness, allowing microfinance institutions (MFIs) to broaden their outreach while preserving financial stability. Furthermore, profitability and sustainability enable MFIs to attract investors and donors, reinforcing their cash basis for ongoing operations.

Credit management strategies significantly impact the financial performance of microfinance institutions by affecting loan portfolio quality, repayment rates, and overall profitability (Mwaurah, 2013; Ghosh, 2015; Poudel, 2020). Churchill and Frankiewicz (2006) asserted that well-articulated credit regulations and standards provide explicit criteria for loan disbursement, guaranteeing that only creditworthy applicants obtain financing. Strict credit criteria mitigate the probability of default, bolstering the institution's financial stability (Ghosh, 2013). Likewise, well-structured

credit terms corresponding to borrowers' cash flow patterns enhance repayment rates and reduce default risks (Karlan & Zinman, 2009). The credit evaluation procedure enhances financial performance by allowing MFIs to evaluate borrowers' repayment ability, averting over-indebtedness, and minimizing loan losses (Hermes & Lensink, 2011).

Furthermore, credit collection and recovery procedures profoundly influence the financial sustainability of a microfinance institution (MFI). Cull et al. (2009) indicated that institutions employing proactive collection strategies, such as regular follow-ups and digital repayment systems, achieve reduced default rates and enhanced cash flow stability. Efficient credit recovery strategies reduce loan write-offs and bolster financial resilience (Ledgerwood, 1999). In contrast, inadequate credit management techniques result in elevated non-performing loans, heightened operational expenses, and financial instability. Consequently, establishing comprehensive credit management frameworks is crucial for microfinance institutions to sustain financial stability while achieving their objective of delivering financial services to marginalized communities. Financial institutions employ credit recovery tactics to retrieve overdue debt, often via a third-party entity called a debt collection firm (Sharma, 2016). Organizations established these methods to facilitate debt collection, enhance time and cost efficiency, and boost liquidity (Kamar & Ayuma, 2016). According to Kipsang (2020), credit recovery tactics include credit monitoring, unfavorable credit listing, reduction of loan limits, fines and penalties, debt collection agencies, guarantor recovery, and legal action. The legal system should be the final recourse for recovering overdue loans.

Efficient credit recovery procedures significantly enhance the financial performance of MFIs by reducing non-performing loans (NPLs) and ensuring liquidity for further lending. Research by Hermes and Lensink (2011) indicated that microfinance institutions with structured recovery systems have superior loan recovery rates and enhanced profitability. Expedited recovery protocols enhance cash flow stability, enabling institutions to lower borrowing expenses and expand their outreach. Automated reminders and computerized payback monitoring enhance productivity while reducing operational expenses and default risks. Conversely, insufficient recovery plans lead to heightened write-offs, reduced investor confidence, and financial instability. Consequently, efficient recovery procedures are crucial for the long-term financial health of microfinance institutions.

2.4 Background Theories of the Study

Credit management practices are a cornerstone of the operational success of microfinance institutions (MFIs), particularly in balancing financial sustainability and social impact. Several theoretical frameworks provide insight into the principles and strategies that underpin effective credit management, such as credit policy, the credit appraisal process, control and monitoring, credit collection practices, and credit recovery strategies. These include Credit Scoring Theory, Cash Flow Theory, and Credit Management Theory, which offer valuable perspectives on how MFIs can mitigate risks, optimize repayment rates, and achieve their dual objectives of financial inclusion and sustainability.

(a) Credit Scoring Theory

Credit scoring theory in microfinance institutions (MFIs) provides a systematic framework for assessing borrower creditworthiness through quantitative and qualitative metrics, reducing information asymmetry and default risks (Schreiner, 2003). By employing financial ratios, repayment history, and behavioral indicators, MFIs can objectively evaluate clients' ability to repay, particularly crucial for low-income borrowers lacking traditional collateral (Berger et al., 2011). This data-driven approach enhances lending efficiency, minimizes subjective bias, and improves portfolio quality while lowering operational costs (Abdul-Majid et al., 2010). Advanced scoring models, including psychometric and machine-learning techniques, further strengthen risk assessment in contexts with limited formal financial records (Karlan & Zinman, 2011). When properly implemented, credit scoring enables MFIs to expand financial inclusion sustainably by balancing risk management with accessible credit (Armendáriz & Morduch, 2010).

(b) Cash Flow Theory

The Cash Flow Theory further complements these frameworks by emphasizing the importance of aligning repayment schedules with borrowers' income cycles. This theory states that by creating credit terms corresponding to the cash flow patterns of income-generating activities or agricultural cycles, MFIs can increase repayment rates (Robinson, 2001). For instance, offering flexible repayment plans, like weekly, biweekly, or monthly installments, guarantees that borrowers can fulfill their responsibilities without experiencing undue financial hardship. This strategy enhances

repayment performance and fortifies the rapport and trust between MFIs and their customers.

(c) Credit Management Theory

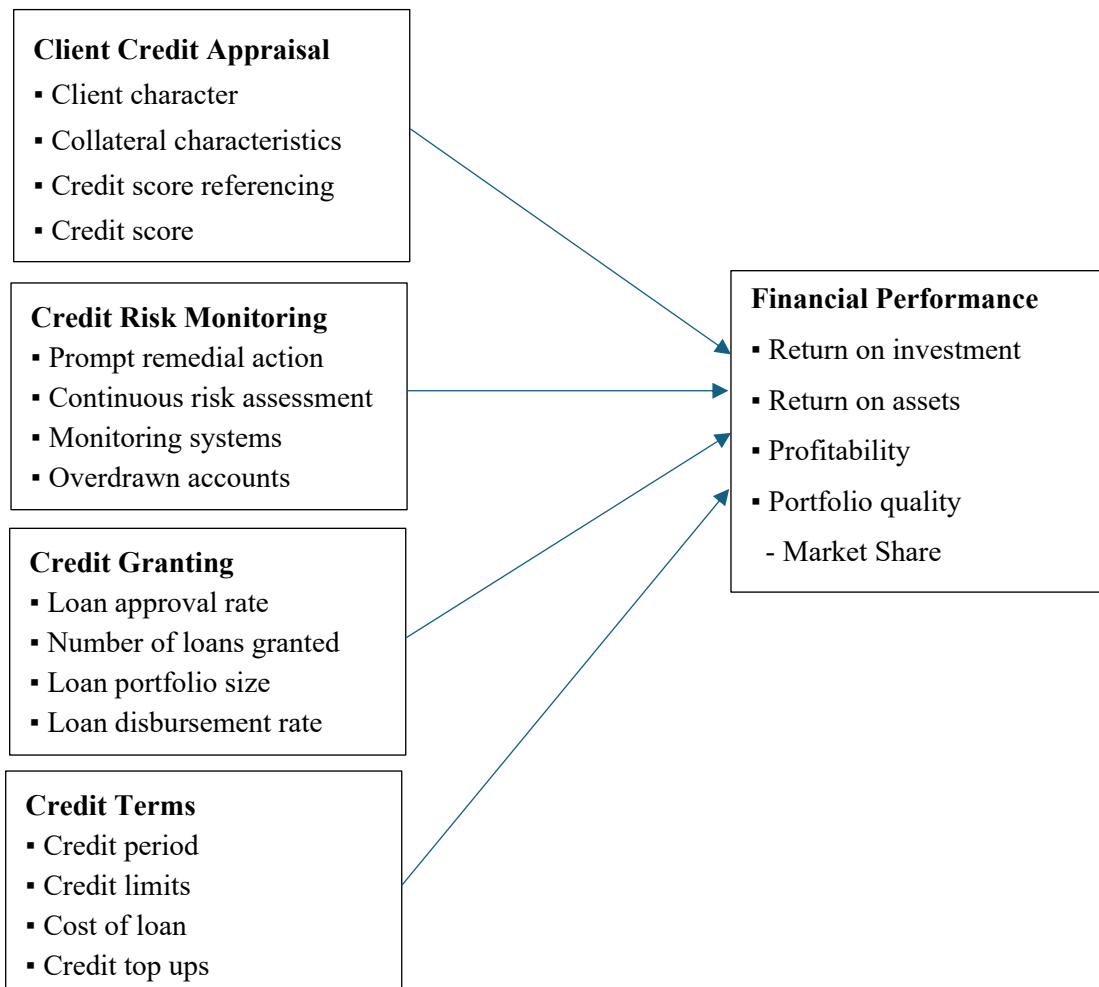
The Credit Management Theory was defined by Saunders and Allen (2010). Credit management theory encompasses the ideas and practices that govern credit issuance, credit risk assessment, and credit repayment collection. This strategy aims to reduce the likelihood of a credit default while increasing profitability. At its core, credit management theory is a systematic approach to determining the creditworthiness of potential borrowers, frequently with the aid of credit scoring models and financial research (Saunders & Allen, 2010). These evaluations consider several factors, such as the state of the economy, the borrower's prior financial history, and their current financial status.

By integrating these theoretical frameworks, MFIs can develop comprehensive credit management practices that address risk mitigation, operational efficiency, and social inclusion. These practices enable MFIs to maintain a healthy portfolio quality, achieve financial sustainability, and fulfill their mission of empowering underserved communities through accessible financial services.

2.5 Previous Studies

A. Mboe and S. Kavale (2023) examined how credit management affects Kenyan MFIs' financial performance. The study investigated the branch managers, credit managers, marketing managers, and operations managers of 27 Mombasa County MFIs. The sampling window was Mombasa County MFIs as of December 2022, and Slovin's methodology picked 85 workers. Selecting 85 responses was simple random selection. Primary data was collected using a drop-and-pick five-point Linkert scale questionnaire. Mean, standard deviation, multiple linear regression, Pearson's moment correlation, ANOVA, and model summary were calculated.

Figure (2.1) Credit Management and Financial Performance of Micro Financial Institutions in Mombasa County, Kenya

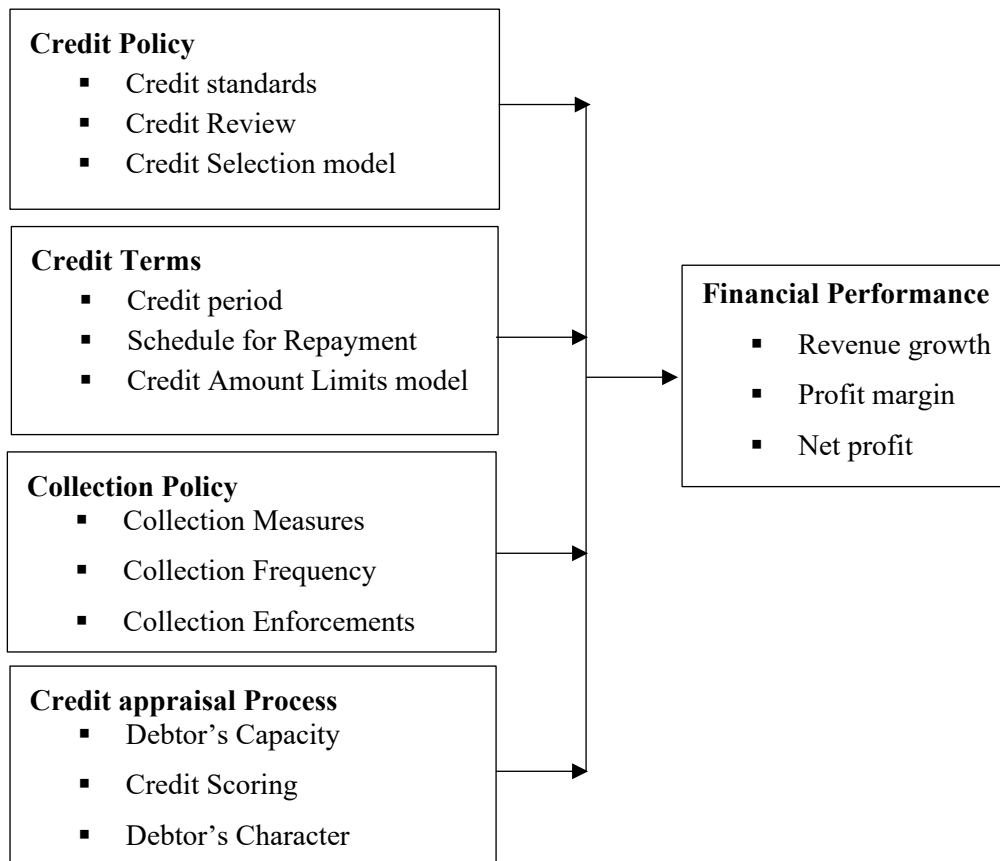


Source: Mboe, A., & Kavale, S. (2023)

The study found that credit appraisal, risk monitoring, granting, and conditions affect Mombasa County MFI financial performance. Client credit evaluation, credit risk supervision, loan allocation, and credit conditions affect Mombasa County microfinance institutions, the study showed. The research suggested increasing client credit evaluation, credit risk monitoring, credit supplying, and credit conditions for Mombasa County MFIs.

Credit management influences Kisii County SMEs' financial performance, according to Everlyne Moraa Osoro, Julius Miroga, and Dennis Juma (2024). The Kisii County Government Revenue Office reported a descriptive survey of 1,500 SMEs. Random selection gave 150 10% sample responses. For primary data, Nyamira Town SMEs and questionnaires were piloted.

Figure (2.2) Credit Management Practices and Financial Performance of Small and Medium Enterprises in Kisii County



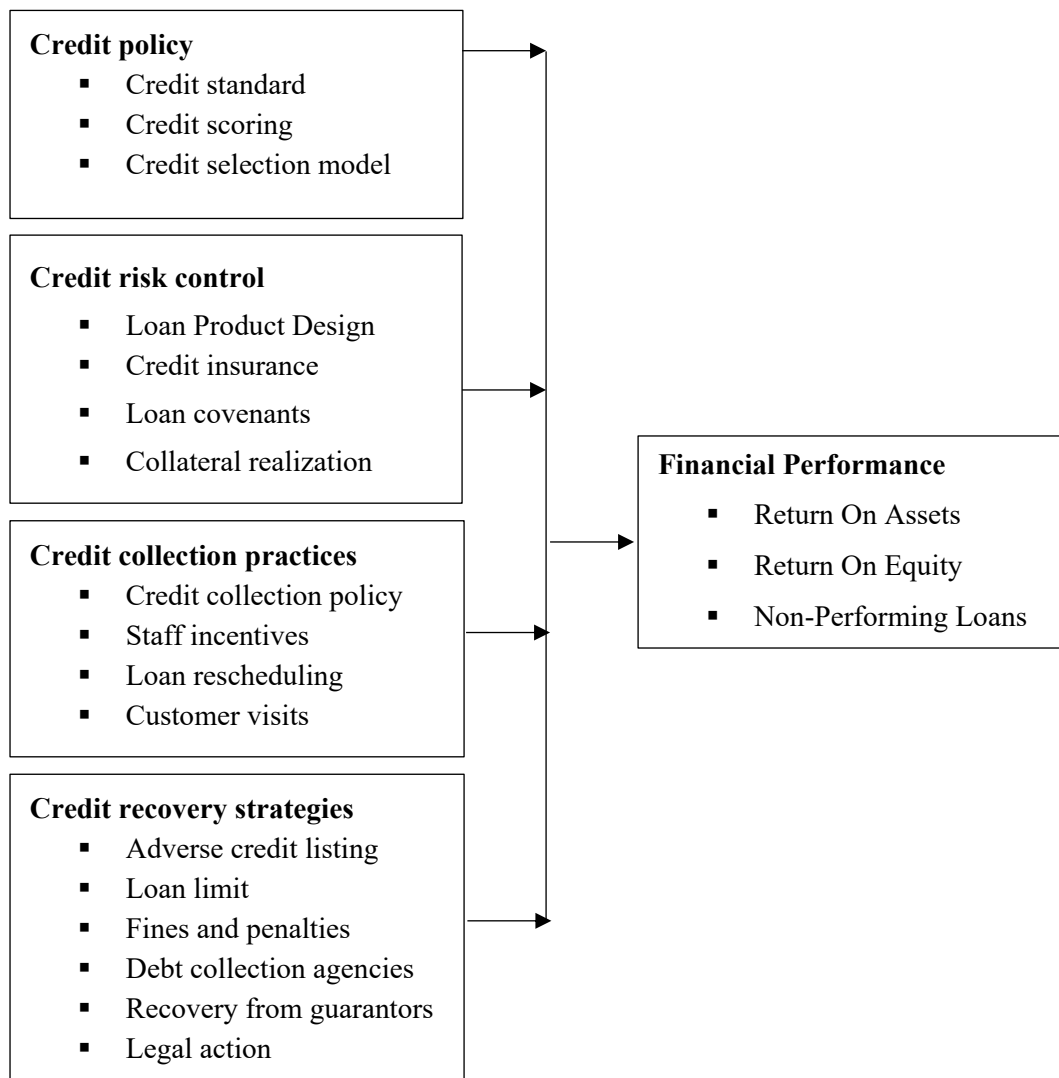
Source: Osoro, E. M., Miroga, J., & Juma, D. (2024)

The study found that credit management techniques significantly impact Kisii County SMEs' financial performance. The study showed that credit management strategies affect Kisii County SMEs' financial performance. SMEs should create and execute comprehensive credit policies that analyze client creditworthiness, set appropriate credit limits, and consider market circumstances when issuing loan terms to improve financial performance. Flexible lending conditions, including early payment rebates and adjustable repayment schedules, can boost financial success. Finally, the study stressed the need for good collection strategies for financial performance.

Credit management procedures and deposit-taking SACCO financial performance in Kericho County, Kenya, were examined by Zablou Basweti Sing'ombe (2022). The study examined how credit policy, risk control, collection tactics, and recovery techniques affect financial performance. Four Sacco Societies Regulatory

Authority-regulated deposit-taking SACCOs in Kericho County were targeted. The descriptive study focused on Sacco finance and credit department employees.

Figure (2.3) Credit Management Practices and Financial Performance of Deposit-Taking Savings and Credit Cooperatives in Kericho County, Kenya



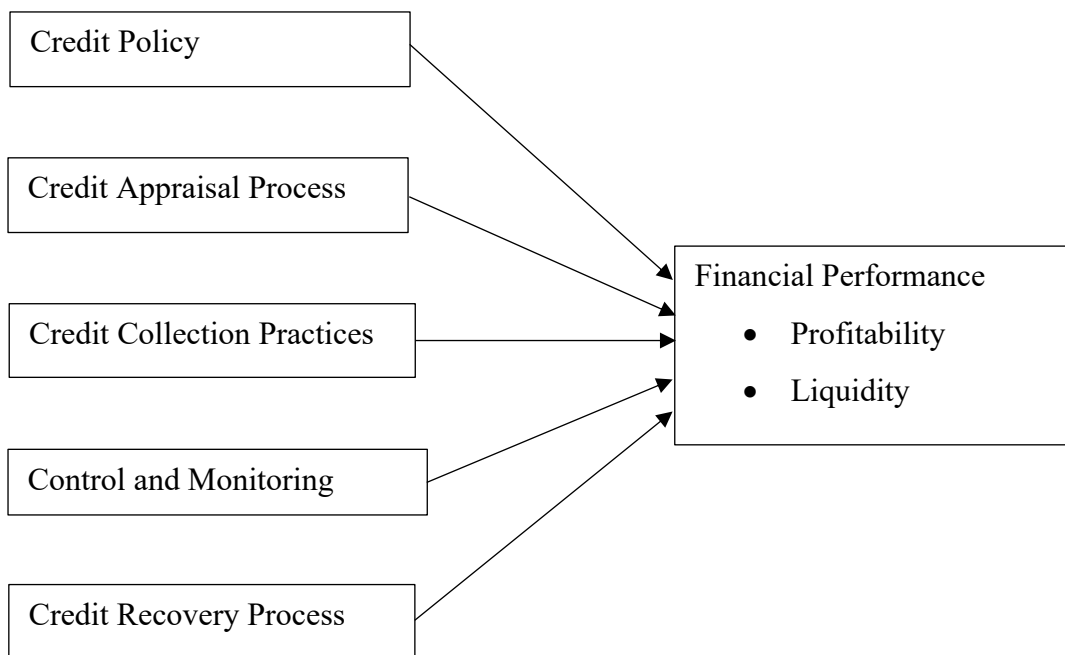
Source: Sing'ombe, Z. B. (2022)

The research discovered a strong association between deposit-taking Sacco's financial performance and credit policy, risk control, collection practices, and recovery strategies. It revealed that an increase in credit management factors increases deposit-taking Saccos' financial performance.

2.6 Conceptual Framework of the Study

The conceptual framework of the study highlights the relationship between credit management practices and their influence on financial performance. It is structured into two main sections: the first focuses on credit management practices, while the second examines the financial performance of the organization. In the first part, the model evaluates credit management through various aspects, including credit policy, the credit appraisal process, credit collection practices, control and monitoring, and the credit recovery process. Additionally, it illustrates how effective credit management can positively affect an organization's financial performance.

Figure (2.4) Conceptual Framework of the Study



Source: Own Compilation (2025)

Working Definition

- **Credit Policy** refers to the set of guidelines, principles, and procedures established by a financial institution to manage its lending activities effectively. These policies define its target market, basic client eligibility criteria, and core principles of lending and credit management.
- **The Credit Appraisal Process** refers to the systematic procedure established by financial institutions to evaluate the creditworthiness of potential borrowers before extending credit.
- **Credit Collection Practices:** refers to the systematic approach used by a company or financial institution to recover outstanding payments from customers who have been billed for goods or services.
- **Control and Monitoring** refer to the systematic approach used by a microfinance institution to oversee and regulate its loan disbursement, repayment, and risk management processes, ensuring loans are granted and appropriately managed while continuously tracking borrower activities to identify potential issues and maintain financial stability.
- **Credit Recovery Process:** Hayman Microfinance employs these methods to recover unpaid loans by convincing delinquent customers to make attempts to repay their outstanding facilities. They assist in reducing costs, saving time in credit collection, and improving liquidity.
- **Financial performance** assesses a company's general health and ability to generate profit, deploy resources, and sustain consistent growth over a specific period. It assesses a company's ability to fulfill its obligations and manage stakeholders' equity while producing revenue from its core operations. Financial indicators comprise profitability, liquidity, solvency, efficiency, and non-performing loans.

CHAPTER III

PROFILE AND CREDIT MANAGEMENT PRACTICES OF HAYMAN CAPITAL MICROFINANCE COMPANY LIMITED

The history and credit management practices of Hayman Microfinance are examined in this chapter. Within the framework of credit management procedures, it examines credit policy, credit appraisal process, credit collection practices, control and monitoring, and credit recovery process.

3.1 Profile of Hayman Capital Microfinance Company Limited

The study is mainly focused on Hayman Capital Microfinance Co., Ltd., a Singapore-based subsidiary of Tulplar Capital Management Pte. Ltd. It was set up as a private company limited by shares on November 28, 2014, under the Myanmar Companies Law 2017. On April 6, 2015, the Financial Regulatory Department (FRD) of Myanmar gave it a "Temporary MFI License," and it began offering financial services in Myanmar. Therefore, its business life exceeds 10 years. Hayman Capital Microfinance Co., Ltd. began operations in Yangon on April 13, 2015. The major products of Hayman Capital Microfinance Co., Ltd. are loans, savings, social welfare initiatives, and awareness training. The Myanmar Financial Regulatory Department (FRD) issued a "Permanent MFI License" on July 20, 2020.

Hayman Capital Microfinance Co., Ltd. has 21 branches in Yangon, Bago, Magway, Ayarwaddy, Mandalay, Shan State, and the Naypyitaw Council. The head office is located in Yangon. Hayman Capital Microfinance Co., Ltd. has more than 200 staff and more than 46,000 customers. The organization offers several loan products, but the aim of lending, target market, and product features—loan periods, sizes, currencies, lending process, repayment methods, and pricing—distinguish them. Loans and business kinds provide different payback options.

Mission: To be Myanmar's top financial institution, serving consumers through a large network of branches with high-quality goods and services employing international management standards and financial inclusive principles.

Vision: To develop long-term partnerships and provide mutually beneficial and inexpensive financial services to improve our clients' living standards and well-being.

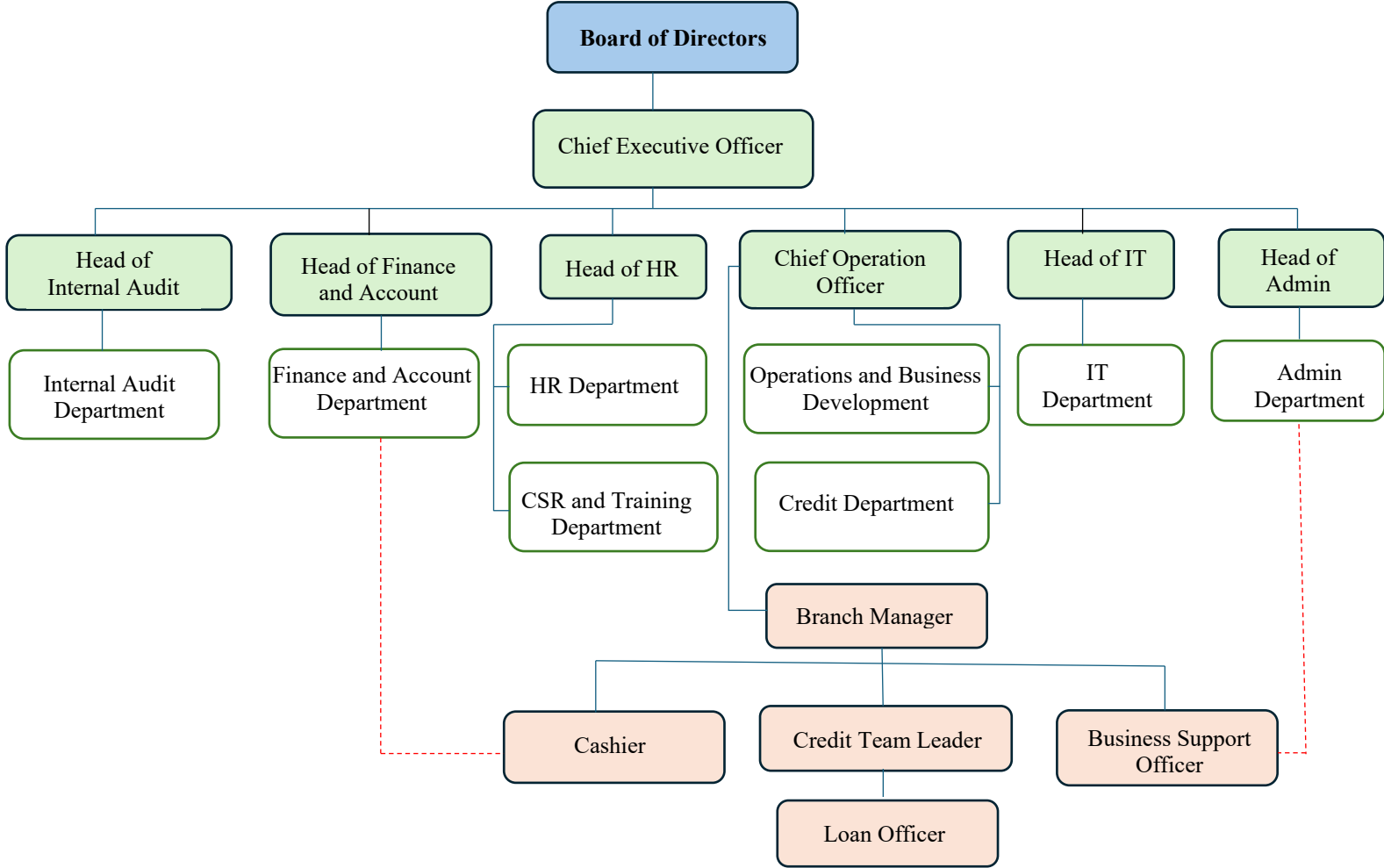
Values:

- Team Work & Cooperation
- Integrity
- Customer Service
- Respect each other
- Innovation and Creativity

Organization Structure of Hayman Capital Microfinance Company Limited

Hayman Capital Microfinance Company Limited is organized into eight departments: Internal Audit, Finance and Accounts, HR, CSR and Training, Operations and Business Development, Credit, IT Department, and Admin Department. The organizational structure of Hayman Microfinance is shown in Figure (3.1).

Figure (3.1) Organization Structure of Hayman Capital Microfinance Co., Ltd.



Source: Annual Report of Hayman Capital Microfinance Co., Ltd. (2025)

3.2 Loan Products of Hayman Capital Microfinance Company Limited

Hayman Capital Microfinance Co., Ltd. has been providing premium financial services to clients. Hayman Microfinance offers customers a wide range of loan products, each with its respective interest rates. The following Table (3.1) displays the loan products of Hayman Microfinance.

Table (3.1) Loan Product Features of Hayman Capital Microfinance Company Limited

Product Feature	(1) Group Loan	(2) Individual Loan	(3) SME Loan	(4) Agri. Loan	(5) Personal Loan
Maximum loan size (kyat)	300k to 1,000k	1,000k to 5,000k	> 5,000k to 10,000k	300k to 5,000k	300k to 5,000k
Max loan term (month)	12	18	24	12	12
Lending methodology	Group of 3 to 8 members	Individual	Individual	Individual	Individual
Interest rate per annum	28%	28%	28%	28%	28%
Repayment method	Monthly	Monthly	Monthly	Semi-Balloon	Monthly
Upfront fee per annum (% to borrowing amount)	Up to 1.5%	Up to 1.5%	Up to 1.5%	Up to 1.5%	Up to 1.5%
Social welfare per annum	Up to 0.5%	Up to 0.5%	Up to 0.5%	Up to 0.5%	Up to 0.5%
Compulsory saving (% to borrowing amount)	Up to 5%	Up to 5%	Up to 5%	Up to 5%	Up to 5%
Minimum compulsory saving interest rate per annum	14%	14%	14%	14%	14%

Source: Annual Report of Hayman Capital Microfinance Co., Ltd. (2024)

As shown in Table (3.1), Hayman Microfinance offers a diversified portfolio of loan products designed to meet the varying needs of different customer segments while maintaining consistent risk management protocols. The institution provides five distinct loan types: Group Loans (300,000-1,000,000 MMK) utilizing a joint liability model for 3-8 members; Individual Loans (1,000,000-5,000,000 MMK) for sole proprietors; SME Loans (5,000,000-10,000,000 MMK) supporting business expansion; Agricultural Loans (300,000-5,000,000 MMK) featuring semi-balloon repayments aligned with harvest cycles; and Personal Loans (300,000-5,000,000 MMK) for non-business needs. All products maintain uniform financial terms including a 28% annual interest rate (declining balance), 1.5% upfront fee, 0.5% social welfare charge, and compulsory savings equivalent to 5% of the loan amount earning 14% interest. Loan terms scale with amount, ranging from 12 months for smaller loans to 24 months for SME products, with agricultural loans being the sole exception using semi-balloon repayments rather than standard monthly installments. This product architecture enables Hayman to serve diverse market segments - from micro-entrepreneurs to small businesses - while implementing consistent risk mitigation through group guarantees for smaller loans, compulsory savings, and standardized pricing that simplifies operational complexity, though potentially at the expense of more granular risk-based pricing differentiation.

3.3 Credit Management Practices of Hayman Capital Microfinance Company Limited

Hayman Capital Microfinance Company Limited follows a set of carefully crafted credit management practices to ensure its financial stability and the sustainability of its lending activities. Their credit management system is built around providing financial services to underserved individuals, micro-entrepreneurs, and small businesses, aiming to reduce poverty through accessible financial products. The company adheres to responsible lending practices by evaluating the borrower's ability to repay loans, the risks involved, and their lending decisions' potential social and economic impacts. Hayman Microfinance prioritizes financial inclusion by offering flexible products designed to meet its clients' unique needs while managing risk effectively. The company's approach ensures that credit is extended to individuals and businesses capable of fulfilling repayment obligations, promoting a healthy loan portfolio.

3.3.1 Credit Policy at Hayman Capital Microfinance Co., Ltd.

The credit policy of Hayman Capital Microfinance Company Limited is an essential component of the company's operations. Its primary objective is to encourage financial inclusion while simultaneously effective risk management. In order to cater to the various requirements of its customers, the firm provides a wide range of loan products, including Group Loans, Individual Loans, and Small and Medium Enterprise Loans. The interest rate on these loans is 28% per year, and it is calculated using a falling balance methodology. Repayment periods are flexible, and borrowers are obligated to make equal monthly installments. This guarantees that repayments are affordable and reduces the likelihood of default.

Group loans normally do not require collateral; however, individual and small and medium-sized enterprise loans require at least one guarantor and a co-signer. It is important to note that Hayman Microfinance has a minimum collateral requirement. The implementation of this strategy guarantees that the organization is able to extend credit to individuals who may not possess big assets but are involved in commercial operations that generate a profit. In addition, the corporation levies fees for social welfare and distribution, which contribute to the financial coverage of operational expenses. Through the implementation of this strategy, Hayman Microfinance strives to strike a balance between risk and the provision of reasonably priced financial services to those who are underserved.

3.3.2 Credit Appraisal Process at Hayman Capital Microfinance Co., Ltd.

The purpose of the credit appraisal process at Hayman Microfinance is to determine the level of risk associated with lending and to guarantee that only those who are adequately able to repay loans are granted loans. This process begins with the collection of relevant data from the applicant, which may include details about their personal life and their business. Loan applicants are required to be permanent residents of Myanmar and to possess a National Registration Card (NRC) that is considered to be in good standing. The eligibility conditions for loans are specified.

To qualify for Group Loans, applicants are required to provide evidence that they have successfully run a profitable business for at least three consecutive months. For individuals to qualify for loans, they must have been in the company for a minimum of six months. After that, loan officers determine whether or not the borrower can repay the loan by evaluating the borrower's total repayment capability, as well as the

profitability of their business and their financial stability. As part of this process, you will examine various sources of revenue, company strategies, and market circumstances. Following the completion of the appropriate assessments, loan applications are then sent to the Head Office Credit Approval Committee for the purpose of receiving final approval. Through the use of this methodical and exhaustive approach, loans are distributed to those who are likely to repay them, hence reducing the likelihood of defaults.

3.3.3 Credit Collection Practices at Hayman Capital Microfinance Co., Ltd.

When it comes to ensuring that loans are repaid and keeping a strong portfolio, having credit collection techniques that are effective is necessary. The monitoring of the repayment status of borrowers is a crucial function that loan officers at Hayman Microfinance are responsible for overseeing. They have been assigned the responsibility of keeping consistent communication with customers in order to guarantee that payments are received on schedule. When it comes to collections, the organization takes a proactive approach, taking the initiative to detect possible payback concerns early on and resolving them before they become more serious. Within the context of arrears, loan officers interact with borrowers in order to gain an understanding of the factors that led to the delay in payments. As a result of this communication, the loan is frequently restructured or an alternative repayment plan is established, both of which are designed to fit the borrower's current financial circumstances. In addition, the organization makes use of digital solutions such as Musoni, which facilitate the monitoring of payments and offer real-time data on the performance of loans. The use of these technologies enables effective follow-ups, reminders, and reporting, which in turn guarantees that the process of credit collection is both easy and transparent. Hayman Microfinance guarantees that its loan portfolio continues to be in good condition by using these measures, which also helps the company retain strong connections with its borrowers.

3.3.4 Control and Monitoring at Hayman Capital Microfinance Co., Ltd.

Control and monitoring mechanisms at Hayman Microfinance are designed to safeguard the company's financial health and ensure that its lending operations run smoothly. The company sets Key Performance Indicators (KPIs) for each branch, focusing on important aspects such as portfolio at risk (PAR), loan disbursement, and

repayment efficiency. Branch managers and loan officers regularly monitor these KPIs to track performance and identify emerging issues requiring corrective actions.

Additionally, Hayman Microfinance has a reporting structure where regular updates on loan portfolio performance are submitted to the Executive Committee and Board of Directors. These reports help the leadership team make data-driven credit strategies and risk management decisions. The company also employs a diversified approach to risk management, spreading its exposure across different sectors and borrower types to minimize the impact of any single default. This multi-layered approach to control and monitoring helps Hayman Microfinance stay on top of its operations. It ensures that potential problems are addressed before they can threaten the company's financial stability.

3.3.5 Credit Recovery Process at Hayman Capital Microfinance Co., Ltd.

In cases where loans become overdue or default, Hayman Microfinance has a structured credit recovery process to recover the funds while maintaining positive relationships with its borrowers. When a borrower defaults on a loan, the company takes a measured approach to recovery, starting with engagement to understand the reasons for the default and working with the borrower to find a mutually agreeable solution. If the borrower is facing temporary financial difficulty, a restructuring of the loan or a modification of the repayment terms may be implemented. When loan recovery is challenging, an arrears committee is formed to decide on the best course of action, which may involve legal proceedings or other recovery measures. Throughout the recovery process, Hayman Microfinance emphasizes maintaining communication with borrowers, seeking amicable solutions, and avoiding the need for legal intervention. In extreme cases where all other options have been exhausted, legal measures may be taken to recover the outstanding balance. The company's credit recovery process reflects its commitment to providing clients with the opportunity to repay their loans while ensuring that the company can recover funds to sustain its operations.

CHAPTER IV

ANALYSIS OF CREDIT MANAGEMENT PRACTICES AND FINANCIAL PERFORMANCE OF HAYMAN CAPITAL MICROFINANCE COMPANY LIMITED

This chapter includes the research study design, the demographic characteristics of respondents, analysis of the credit management practices and financial performance of Hayman Microfinance, and the relationship between credit management practices and the financial performance of Hayman Microfinance. Moreover, the regression analysis results for the effect of credit management practices on financial performance of Hayman Microfinance are presented.

4.1 Research Design

This research focuses on the effect of credit management practices on the financial performance of Hayman Capital Microfinance Co., Ltd. The main goals of the study are to identify the credit management practices employed by Hayman Microfinance and to analyze how these practices influence the institution's financial performance. A quantitative research method was utilized for this investigation. The study examines five independent variables, including credit policy, credit appraisal process, credit collection practices, control and monitoring, and the credit recovery process. The dependent variable in this analysis is financial performance.

To gather data, both primary and secondary data were utilized. Primary data were obtained through a structured questionnaire survey distributed to employees of Hayman Microfinance, utilizing a 5-point Likert scale and a simple random sampling method. Secondary data were sourced from official materials from Hayman Capital Microfinance Company Limited, including their website and Facebook page, along with relevant studies conducted in the past.

The survey questions were adapted from existing research papers and academic journals. The collected data were analyzed using SPSS to perform descriptive statistics, such as mean, frequency distribution, and standard deviation. Furthermore, correlation analysis was conducted to evaluate the relationships between the independent and dependent variables, while regression analysis was used to assess the effect of credit management practices on the financial performance of Hayman Microfinance.

4.2 Demographic Characteristics of Respondents

The study examined the demographic characteristics of respondents, including age, gender, educational level, current department, working experience, and monthly income level. The sample comprised individuals from the research population employed at Hayman Capital Microfinance Company Limited. The survey encompasses a total population of about 210, with 157 respondents comprising personnel from both management and operational levels of Hayman Microfinance. The survey was conducted using Google Forms with a simple random sampling method. The demographic information results are displayed in the following Table (4.1).

Table (4.1) Profile of Respondents

Items	Demographic	No. of Respondents	Percentage
Total population		157	100.0
Gender	Female	95	60.5
	Male	62	39.5
Age (Years)	Under 25	7	4.5
	Between 26 and 35	110	70.1
	Between 36 and 45	39	24.8
	Between 46 and 55	1	0.6
Education	Graduated	150	95.5
	Master Degree	7	4.5
Department	Credit	26	16.5
	Finance and Accounting	29	18.5
	Internal Audit	3	1.9
	Management	2	1.2
	Operations and Business Development	97	61.9
Experience (Years)	Below 1	34	21.7
	1 to 3	42	26.8
	3 to 5	21	13.4
	5 to 8	44	28
	Over 8	16	10.2
Monthly Income (MMK)	Less than 500,000	94	59.9
	500,001 – 1,000,000	51	32.5
	1,000,001 – 1,500,000	7	4.4
	1,500,001 – 2,500,000	-	-
	More than 2,500,000	5	3.2

Source: Survey Data (2025)

According to Table (4.1), most of the respondents are female (60.5 %), and the rest are male (39.5 %) of the total respondents at Hayman Microfinance. The result shows that the female percentage is significantly higher than the male percentage at Hayman Microfinance. This disparity can be attributed to the nature of the microfinance institution and the specific roles that need to be performed, which may favor a higher representation of females within the organization.

The age range of respondents is divided into four groups: under 25, between 26 and 35, between 36 and 45, and between 46 and 55, respectively. As shown in Table (4.1), the majority of respondents belong to the age range of 26 to 35, with a participation rate of 70.1%. The age range of 46 to 55 has the lowest percentage, at 0.6%. The survey results indicate that middle-aged, experienced individuals are employed at Hayman Microfinance.

The respondents who took part in this study have completed graduate studies. As stated in Table (4.1), 150 respondents in this study hold a bachelor's degree, representing the highest participation rate at 95.5%, while the remaining seven respondents have a Master degree. The minimum educational requirement at Hayman Microfinance is a bachelor's degree. According to Hayman Microfinance's organizational structure, the organization has eight departments. Table 4.1 shows that most respondents (97 respondents) work in operations and business development, with the highest percentage of 61.9. Employees in this department are primarily engaged in the company's credit management practices.

According to the results, 44 respondents to this study have worked in Hayman Microfinance for 5 to 8 years, with the highest participation of 28%, and 10.2% have worked in Hayman Microfinance for over 8 years. The income level respondents were asked to participate in answering their income, which is divided into five levels: Less than 500,000 kyats, 500,001- 1,000,000 kyats, 1,000,001- 1,500,000 kyats, 1,500,001 – 2,500,000 kyats, and More than 2,500,000 kyats. As stated in Table 4.1, 59.9 percent of the respondents get a monthly income of less than 500,000 kyats, and they gain the lowest income level compared to other levels. The lowest respondents are 5 % with a monthly income of More than 2,500,000 kyats.

4.3 Reliability Test

Reliability analysis evaluates Cronbach's Alpha to determine statement consistency. Cronbach's Alpha measures item dependability and internal consistency. Cronbach's Alpha, which measures internal consistency, should be 0.7–0.8. A reliability score between 0.8 and 0.9 is acceptable, while over 0.9 is exceptional. Table (4.2) shows Cronbach's alpha values for all independent and dependent variables from the survey.

Table (4.2) Reliability Analysis of Variables

Sr. No.	Variables	No. of Statements	Cronbach's Alpha
1	Credit Policy	7	0.699
2	Credit Appraisal Process	7	0.765
3	Credit Collection Practices	7	0.792
4	Control and Monitoring	7	0.794
5	Credit Recovery Process	7	0.886
6	Financial Performance	10	0.868

Source: Survey Data (2025)

Table (4.2) indicates that Cronbach's alpha values for the independent variables—credit policy, credit appraisal process, credit collection practices, and control and monitoring feedback—are 0.699, 0.765, 0.792, and 0.794, respectively, which are considered acceptable. The remaining independent variables exhibit strong reliability, with the credit recovery process valued at 0.886. The Cronbach's Alpha coefficient for financial performance is 0.868, signifying that the variable's reliability is very good. Consequently, all Cronbach's alpha values for the variables exceed 0.7, indicating that all the statements are acceptable and pleasing in reliability and internal consistency for application in this study.

4.4 Descriptive Analysis on Credit Management Practices and Financial Performance of Hayman Capital Microfinance Company Limited

The study's conceptual model had one dependent variable, financial performance, and five independent variables, credit policy, assessment, collection, control and monitoring, and recovery. The survey questionnaire rates respondents' impressions on a five-point Likert scale (strongly disagree = 1, disagree = 2, neutral = 3, agree = 4, and strongly agree = 5). Ratings are strongly disagree to strongly agree. The standard deviation shows statistical heterogeneity, whereas the mean shows central tendency (Hair & Page, 2015). Table (4.3) interprets the mean score.

Table (4.3) Mean Score Interpretation

Sr. No.	Mean Score between	Interpretation
1	1.00 - 1.80	Very Low
2	1.81 - 2.60	Low
3	2.61 - 3.40	Moderate
4	3.41 - 4.20	High
5	4.21 - 5.00	Very High

Source: Best (1977)

The primary data for this research were gathered by Best (1977) using a standardized questionnaire with a 5-point Likert scale. He decided to assess the obtained data using the mean rating scale, which included the score range and mean rating.

4.4.1 Credit Policy

Credit policy plays an important role in analyzing credit management practices. Seven items are involved in the analysis of this factor, and the mean values of credit policy are shown in Table (4.4).

Table (4.4) Credit Policy

Sr. No.	Items	Mean	Std. Deviation
1	The credit terms are carefully evaluated prior to the approval of the loan.	4.23	0.422
2	The institution utilizes standardized forms for loan applications and loan contracts.	4.49	0.502
3	Prior to loan disbursement, the borrower's financial condition and assets are evaluated.	4.69	0.462
4	The borrower's credit history is routinely assessed before credit approval.	4.51	0.502
5	Clients are eligible for the loan after compulsory savings.	4.54	0.500
6	Interest rate and other fees are charged from the institution.	4.59	0.493
7	A maximum period is given to borrowers to repay their loans.	4.08	0.408
Overall Mean Value		4.45	

Source: Survey Data (2025)

Table (4.4) presents the mean score for each of the seven credit policy questions. Regarding the question about the maximum period given to borrowers to repay their loans, the minimum average score is 4.08, which is above the neutral value of 3. The statement about evaluating the borrower's financial condition and assets prior to loan disbursement has the highest average score of 4.69, exceeding the neutral score of 3. Respondents with higher agreement scores appear more confident in evaluating the borrower's financial status and assets before loan distribution.

4.4.2 Credit Appraisal Process

This practice is a credit management strategy that influences financial performance. This factor involves seven items in the analysis. Table (4.5) presents the mean and standard deviation for each statement in the outcomes of the credit appraisal process.

Table (4.5) Credit Appraisal Process

Sr. No.	Items	Mean	Std. Deviation
1	The credit scoring system accurately predicts the probability of borrower default.	3.52	0.739
2	The credit scoring system provides consistent results across various borrowers.	3.93	0.699
3	Performing credit scoring to identify credit risks and determine financial requirements for loan applications is essential for the institution.	4.32	0.543
4	The credit approval process guarantees a thorough examination and evaluation of loan applications.	4.12	0.701
5	The credit appraisal process provides a comprehensive assessment of the borrower's ability to repay loans.	3.99	0.431
6	The credit appraisal process adequately considers the borrower's capacity to fulfill financial commitments.	4.08	0.401
7	The credit appraisal process evaluates the borrower's reliability in meeting financial obligations.	3.96	0.422
Overall Mean Value		3.99	

Source: Survey Data (2025)

Table (4.5) presents the individual mean score for each of the seven credit appraisal process questions. The mean of each item exceeds three, and the standard deviations are below one, according to the analysis's results. The lowest mean score, in response to the question about the accuracy of the credit scoring system in predicting the probability of borrower default, is 3.52, which is above the neutral value of 3. The statement regarding the importance of performing credit scoring to identify credit risks and determine financial requirements for loan applications received the highest mean score of 4.32, surpassing the neutral value of 3, making it the most favorable statement. The overall mean rating of 3.99 affirms the effective functioning of the credit appraisal process, exceeding the neutral value of 3.

4.4.3 Credit Collection Practices

Regarding the credit collection practices factors, employees are required to respond to a total of seven questions. Data regarding current employee perceptions of the credit collection practices factors are shown in Table (4.6).

Table (4.6) Credit Collection Practices

Sr. No.	Items	Mean	Std. Deviation
1	The institution has a daily delinquency monitoring system.	3.99	0.789
2	The institution regularly follows up with borrowers to ensure the timely repayment of loans.	4.06	0.672
3	The institution uses various collection methods, such as phone calls, written notices, and personal visits.	3.92	0.660
4	The institution offers flexible repayment options to borrowers facing financial difficulties.	3.83	0.807
5	The institution works with borrowers to restructure loans in case of repayment challenges.	4.48	0.550
6	Staff incentives are more effective in the collection of delinquent loans.	3.80	0.780
7	The institution is arranged to be convenient for transportation in loan collection.	3.97	0.950
Overall Mean Value		4.00	

Source: Survey Data (2025)

The mean score of seven questions for the factors related to credit collection practices was reported in Table 4.6. The question regarding staff incentives being more effective in the collection of delinquent loans has the lowest mean score of 3.80. On the other hand, the question about the institution working with borrowers to restructure loans in case of repayment challenges has the highest mean score of 4.48. As a result of the overall mean score of 4.00, which is greater than the neutral value of 3, it indicates that employees perceive the credit collection operations as effective.

4.4.4 Control and Monitoring

Employees must respond to seven questions concerning variables related to control and monitoring. Table (4.7) presents current employee perceptions of factors influencing control and monitoring.

Table (4.7) Control and Monitoring

Sr. No.	Items	Mean	Std. Deviation
1	The institution regularly educates clients on borrowing terms and conditions.	4.54	0.615
2	Hayman Microfinance monitors timely repayments for loans.	4.31	0.502
3	The institution utilizes data analytics to identify trends, forecast potential risks, and make informed decisions.	4.57	0.601
4	The institution provides regular training for staff on monitoring techniques, risk assessment, and client communication.	4.43	0.580
5	The institution frequently reminds borrowers of their outstanding amount.	4.10	0.464
6	The institution keeps track of payments using the portfolio at risk method.	4.55	0.499
7	The internal audit verifies the loan documents.	4.63	0.558
	Overall Mean Value	4.45	

Source: Survey Data (2025)

Table (4.7) presents the individual mean scores for each of the seven control and monitoring questions. The statement regarding the institution frequently reminding borrowers of their outstanding amount has the lowest mean score of 4.10. While respondents agree with this statement, it receives the least support among all the assessed control and monitoring factors. The question about the internal audit verifying the loan documents achieved the highest mean score of 4.63, exceeding the neutral value of 3. The overall mean score of 4.45 suggests that respondents perceive control and monitoring as influential on Hayman Microfinance's financial performance.

4.4.5 Credit Recovery Process

The Credit Recovery Process is evaluated using seven statements as outlined in the supplied questionnaire. The mean scores of each statement are presented in Table (4.8).

Table (4.8) Credit Recovery Process

Sr. No.	Items	Mean	Std. Deviation
1	The institution has clear procedures for tracking and managing defaulted loans.	4.01	0.431
2	The institution has a structured and formal strategy for recovering defaulted loans.	4.11	0.402
3	The institution applies different recovery methods based on the severity of the default.	4.05	0.405
4	The institution uses a proactive approach to identify and address potential defaults early.	4.10	0.426
5	The institution offers financial advice or assistance to clients facing repayment difficulties.	4.04	0.472
6	The institution regularly monitors the status of outstanding loans to prevent defaults.	4.23	0.492
7	Legal action is considered a last resort in the credit recovery process.	4.33	0.472
	Overall Mean Value	4.13	

Source: Survey Data (2025)

Table (4.8) presents the credit recovery process of Hayman Microfinance. The statement regarding legal action being considered a last resort in the credit recovery process has the highest mean score of 4.33. On the other hand, the statement about the institution having clear procedures for tracking and managing defaulted loans has the lowest mean score of 4.01. The overall mean score of 4.13 indicates a high level of agreement with the credit recovery process.

The summary of the overall mean values of independent variables is presented in the following Table (4.9).

Table (4.9) Overall Mean Value of Credit Management Practices

Sr. No.	Variables	Mean
1	Credit Policy	4.45
2	Credit Appraisal Process	4.00
3	Credit Collection Practices	3.99
4	Control and Monitoring	4.45
5	Credit Recovery Process	4.13

Source: Survey Data (2025)

Table (4.9) displays the distribution of the credit management average scores. This shows that most of the employees who answered the survey were sure that Hayman Microfinance is utilizing good credit management practices. Credit Policy and Control and Monitoring get the highest average score (4.45) of all the categories. This means the company has strong credit policies and a reasonable control and monitoring mechanism that help Hayman Microfinance financially do well. The second-highest mean number, 4.13, demonstrates how essential the credit recovery process is to Hayman Microfinance's credit management. The last thing on the list is credit collection methods, which obtain the lowest mean score (3.99). This illustrates the organization's ability to manage credit before it becomes problematic. Because of this, Hayman Microfinance has a good way to handle credit and helps boost financial performance even more.

4.4.6 Financial Performance

A total of ten questions about financial performance must be answered by the employees. The results of the mean and overall mean score are presented in Table (4.10).

Table (4.10) Financial Performance

Sr. No.	Items	Mean	Std. Deviation
1	The institution's liquidity impacts its ability to meet financial expectations about credit management practices.	4.32	0.543
2	The current ratio indicates the institution's ability to pay off its short-term liabilities with its short-term assets, reflecting its liquidity positions.	4.13	0.419
3	A higher current ratio suggests a stronger liquidity position and financial health, indicating that the institution can easily meet its short-term obligations.	4.1	0.491
4	A high quick ratio indicates strong financial stability and the ability to meet short-term obligations quickly without liquidating long-term assets.	4.01	0.555
5	The institution's disbursement rate influences its ability to meet financial performance expectations related to credit management practices.	4.16	0.537
6	The institution's collection rate influences its ability to meet financial performance expectations about credit management practices.	4.13	0.495
7	The institution's Return on Assets (ROA) reflects its profitability in meeting financial performance expectations regarding credit management practices.	4.19	0.482
8	Expanding the loan portfolio while maintaining asset quality increases income without proportionally increasing assets, improving ROA.	4.19	0.533
9	The institution's Return on Equity (ROE) reflects its profitability in meeting financial performance expectations regarding credit management practices.	4.15	0.455
10	Return on Equity (ROE) shows how effectively the institution is generating profit from the equity invested by shareholders.	4.1	0.516
Overall Mean Value		4.15	

Source: Survey Data (2025)

Individual mean scores for financial performance indicators for each of the ten questions are shown in Table 4.10. The average is 4.01–4.32. The mean was 4.15, indicating that respondents felt financial performance factors are efficient. The assertion that a high quick ratio indicates financial stability and the ability to satisfy short-term commitments without liquidating long-term assets has the lowest mean score, 4.01. This statement has the least support among financial success measures,

although respondents agree. The statement on how the institution's liquidity affects its credit management financial expectations had the highest mean score, 4.32.

4.5 Relationship between Credit Management Practices and Financial Performance of Hayman Capital Microfinance Company Limited

The correlation coefficient, which ranges from -1 to 1, may determine the direction and strength of a linear relationship between two variables. A positive value indicates a positive relationship between the independent and dependent variables. A negative coefficient value indicates a negative relationship between the variables (Pallant, 2020). The relationship between two variables is called correlation (Field, 2013). This study used bivariate regression to calculate individual correlation coefficients. Bivariate correlations, which examine the strength of the relationship between two variables without introducing an extra variable in the intervention, may affect the link between the two variables (Hair et al., 2010). This study examines the relationships among credit policy, the credit appraisal process, credit collection practices, control and monitoring, credit recovery process, and financial performance. The mean scale scores for each scale were calculated to conduct the study, establish the aim, and compute the correlation coefficient for each variable pair. Table (4.11) illustrates the relationship between credit management practice and financial performance.

Table (4.11) Correlation Analysis between Credit Management Practices and Financial Performance

Sr. No.	Dimension	Pearson Correlation with Financial Performance	P-Value
1	Credit Policy	0.556***	0.000
2	Credit Appraisal Process	0.811***	0.000
3	Credit Collection Practices	0.728***	0.000
4	Control and Monitoring	0.774***	0.000
5	Credit Recovery Process	0.859***	0.000

Source: Survey Data (2025)

*** is significant at 1% level

Table (4.11) shows credit management techniques and financial performance correlations. Credit management techniques, policy, evaluation, collection, control and monitoring, recovery, and financial performance have Pearson correlations of 0.556, 0.811, 0.728, 0.774, and 0.859. Hayman Microfinance's credit management strategies improve its financial success, according to correlation study. The associations are statistically significant at 1% since the p-value is less than 0.001. Thus, all credit management techniques favorably and marginally linked with financial success.

4.6 Analysis on the Effect of Credit Management Practices on Financial Performance of Hayman Capital Microfinance Company Limited

To investigate the effect of credit management practices on financial performance, a multiple regression analysis was conducted. The findings are displayed in Table (4.12).

Table (4.12) Effect of Credit Management Practices on Financial Performance

Dependent Variable: Financial Performance	Unstandardized Coefficient		Standardized Coefficient	t	Sig.	VIF
	B	Std. Error	Beta			
(Constant)	0.596	0.237		2.515	0.013	
Credit Policy	-0.062	0.039	-0.110	-1.597	0.112	1.775
Credit Appraisal Process	0.460***	0.078	0.438	5.883	0.000	2.068
Credit Collection Practices	0.151**	0.062	0.190	2.425	0.016	2.286
Control and Monitoring	0.142**	0.062	0.167	2.286	0.024	1.999
Credit Recovery Process	0.180***	0.050	0.225	3.606	0.000	1.455
R ²	0.519					
Adjusted R ²	0.581					
Durbin-Watson	1.649					
F Value	44.291***					

Dependent Variable: Financial Performance

Source: Survey Data (2025)

*** is significant at 1% level, ** is significant at 5% level

According to the data shown in Table (4.12), the credit appraisal and recovery procedures are both encouraging and 1% significant. The fact that the findings were positive indicates that credit evaluation and recovery are beneficial to financial performance. When it comes to credit collection strategies, control, and monitoring, the percentage of 5% is positive and considerable.

The Beta value of this regression model demonstrates that credit appraisal and recovery are beneficial to the functioning of the financial system. Per credit appraisal unit, there is a 0.438 percent increase in financial performance. The improvement in financial performance that results from one unit of credit recovery is 0.225. According to the beta value, the procedures of credit appraisal and recovery have an impact on the statistical performance of Hayman Microfinance's financial performance. Because of this, the technique for credit appraisal has a greater impact on the financial success of Hayman Microfinance than the process for credit recovery does. R-square was investigated in this result: According to Ozili (2022), the R-square score of 0.519 for this study is appropriate for use in carrying out predictive analysis. Given that the R-square value is quite near to 52%, this model provides an explanation for the variance in Hayman Microfinance's Credit Management Practices and Financial Performance variables. Durbin-Watson is 1.649, which is quite close to 2. The sample does not exhibit any autocorrelation. At a significance level of 1% ($p = 0.000$), the F value of the model is 44.291, which is significant. Therefore, the model is validated.

CHAPTER V

CONCLUSION

This chapter discusses on the conclusions of the study based on the data analysis results. It is presented with three sections, which are findings and discussion, suggestions and recommendations, and needs for further study.

5.1 Findings and Discussions

The objectives of this study are to identify the credit management practices employed by Hayman Microfinance and to analyze the impact of these practices on the organization's financial performance. The key practices examined include credit policy, credit appraisal process, credit collection practices, control and monitoring, and credit recovery process. Findings from the descriptive analysis of the survey data reveal that most respondents are females aged between 26 and 35. A significant portion of the respondents are graduates working in operations and business development. Additionally, the majority of employees at Hayman Microfinance have been with the company for five to eight years.

The descriptive analysis of this study indicated that respondents generally viewed Hayman Microfinance's credit management practices positively. Employees expressed a high regard for the organization's credit policy, which involves a thorough evaluation of borrowers' financial conditions and assets prior to loan disbursement. The credit appraisal process received favorable feedback, with an emphasis on the significance of credit scoring systems in determining borrowers' ability to repay loans. While the credit collection practices were considered adequate, there was noted potential for enhancement in the area of staff incentives for dealing with delinquent loans, as it received the lowest ratings. Control and monitoring measures were appreciated for their effectiveness in tracking loan performance and early identification of potential risks. Furthermore, the credit recovery process was rated positively, with employees commending its adaptability in restructuring loans for clients experiencing financial hardships.

The variables in this study do quite well on the internal consistency and reliability test. There were appropriate Cronbach's alpha values for all of the variables, which indicated that the survey questions were consistent and reliable for further

research. These variables included credit policy, credit appraisal process, credit collection practices, control and monitoring, credit recovery process, and financial performance. The methods of credit recovery were the most reliable, which is an indication of the robustness of the data. The reliability of the instruments used in this study is demonstrated by these data, which validates the results of future analyses.

The financial performance of Hayman Microfinance was shown to have a favorable correlation with each credit management practice carried out. The technique for evaluating credit showed the most positive correlation with financial performance, highlighting the significance of this approach in ensuring that creditworthy borrowers are granted loans and making it possible to reduce defaults. Furthermore, there was a favorable correlation between credit collection, control, and monitoring, and financial performance. This demonstrates that proactive risk management and loan collection are beneficial to the financial situation of the organization. Although there is a positive correlation between credit policy and financial performance, operational credit management was found to have a more significant impact.

According to the findings of the regression analysis, the appraisal, collection, control and monitoring, and recovery of collected credit all had an impact on the financial performance. The credit appraisal process was the most important predictor, with a particular emphasis on its significance in terms of loan repayment and the prevention of default. Based on the data, it appears that Hayman Microfinance has the potential to improve financial outcomes by including more comprehensive evaluations of the borrowers' financial health and their ability to repay in the credit appraisal procedures.

The credit recovery process somewhat affected financial performance, indicating that effective recovery strategies, such as restructuring loans for borrowers facing difficulties, are necessary for achieving financial stability and reducing non-performing loans (NPLs). Further evidence of the importance of fast payback collection in terms of cash flow and profitability is provided by the fact that credit collection procedures increased financial performance. According to the findings of the inquiry, control and monitoring practices contribute to the stabilization of the financial system by identifying and resolving potential hazards before they develop into more significant problems.

On the other hand, the fact that the credit policy has a negative correlation with financial performance indicates that there are structural issues. In particular, the policy

is rigid and may not react quickly to changes in the market, which means that alterations are required to accomplish the objectives of the business. The institution's financial performance might be improved by the implementation of a more dynamic amendment of the credit policy, which would minimize risks and increase loan recovery.

5.2 Suggestions and Recommendations

Based on analysis and findings, this article investigates the influence that credit management approaches have had on the financial performance of Hayman Capital Microfinance Company Limited.

First, Hayman Microfinance needs to begin by enhancing its credit appraisal process because it has the most significant positive connection with monetary success. To improve this process, the company ought to make investments in more advanced risk assessment technologies and educate individuals on how to effectively analyze borrower risk. Through the process of increasing borrower ratings, Hayman Microfinance is able to reduce the number of defaults, improve loan quality, and enhance financial stability.

Second, given the impact that credit recovery has on financial performance, Hayman Microfinance needs to continue to place a high priority on proactive recovery strategies. Specifically, this entails enhancing debt restructuring and employing recovery strategies that are based on the degree of default. It is possible to improve recovery performance and decrease the risks associated with non-performing loans by strengthening internal systems that are responsible for tracking defaulted loans and engaging with debtors.

Third, credit collection practices should be strengthened by improving logistical support for loan collections, particularly in remote regions. While the credit collection practices were viewed positively, the lower score for the convenience of collection processes suggests a need for better accessibility. Optimizing collection methods, such as offering more flexible repayment options or enhancing the convenience of payment channels, could lead to higher repayment rates and improved cash flow, ultimately benefiting the institution's financial performance.

Fourth, Hayman Microfinance should to have efficient control and monitoring procedures in place to forestall the growth of credit risk. Although the monitoring and training ratings are satisfactory, there is room for improvement in the instruments used for data-driven decision-making and internal auditing. There is the possibility of

monitoring loan performance, payment history, and credit use regularly to identify potential risks at an early stage and enable an appropriate response.

Additionally, although credit policy showed a negative correlation with financial performance, it remains critical to revise the current policy. Updating the credit policy to reflect operational needs and align with current market conditions will help ensure that lending practices are more adaptive and less prone to risk. Revising the policy will also support the institution's financial objectives, reduce risks, and enhance overall lending efficiency.

Finally, Hayman Microfinance needs to increase its performance in the management of its liquidity to solve quick ratio concerns, which are indicators of short-term financial stability. A potential increase in the organization's short-term liquidity might be achieved via the optimization of asset management and cash flow management. The business will be able to meet its short-term obligations without having to rely on its long-term assets thanks to these methods, which will give financial flexibility.

5.3 Needs for Further Research

The objective of this study was to investigate the impact of Hayman Microfinance's credit management on its financial performance. However, it is essential to note that the study only examined one microfinance institution. Therefore, future studies should investigate how loan management practices impact the financial success of microfinance institutions across different regions.

The use of open-ended questions to better evaluate the opinions of staff members should be incorporated into further study that investigates how digital tools and technology influence credit management practices. An investigation into the financial performance of microfinance companies and the credit management methods of these companies in several states and regions would provide a more comprehensive sector analysis.

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APPENDIX - A

SURVEY QUESTIONNAIRE

This questionnaire aims to gather relevant information for the study "Effect of Credit Management Practices on Financial Performance of Hayman Capital Microfinance Company Limited." This survey seeks to evaluate the effect of credit management on the company's financial performance. This research is undertaken for academic purposes as a requirement for the Executive Master of Banking and Finance degree at Yangon University of Economics.

Your participation in this survey is solicited to yield significant insights into the topic above. Participation is voluntary, and all responses will be handled with the utmost confidentiality. The precision and dependability of the study's conclusions are heavily contingent upon your considerate and truthful responses. I respectfully request that you complete the questionnaire meticulously and honestly. Thank you for your collaboration and assistance.

Section A: Respondent Profile

1. Gender

- Male
- Female

2. Age of respondents

- Under 25 years
- Between 26 and 35 years
- Between 36 and 45 years
- Between 46 and 55 years
- Over 55 years

3. The highest level of education attained

- PhD
- Master Degree
- Graduated
- Undergraduate

4. Please indicate your job position. (လက်ရှိ တာဝန်ထမ်းဆောင်နေသော ရာထူး ကို ဖော်ပြပါ)

.....

5. Please indicate your department. (လက်ရှိ တာဝန် ထမ်းဆောင်နေသောဌာနကို ဖော်ပြပါ)

.....

6. Working experience in years at Hayman Capital Microfinance Co., Ltd. (Hayman Capital Microfinance Co., Ltd. တွင် တာဝန်ထမ်းဆောင်ခဲ့သော လုပ်ငန်း အတွေ့အကြုံ)

- Below 1 year
- 1 to 3 years
- 3 to 5 years
- 5 to 8 years
- Over 8 years

7. What is your approximate monthly income?

- Less than 500,000 Ks
- 500,001 – 1,000,000 Ks
- 1,000,001 – 1,500,000 Ks
- 1,500,001 – 2,500,000 Ks
- More than 2,500,000 Ks

Section B: Credit Management Practices

Please tick as appropriate for yourself. The meanings of numbers are as follows:
Strongly Agree = 5, Agree = 4, Neutral = 3, Disagree = 2, Strongly Disagree = 1

a. Credit Policy

Sr. No.	Statement	Significant Level				
		1	2	3	4	5
1	The credit terms are carefully evaluated prior to the approval of the loan. ချေးငွေအတည်ပြုချက်မပေးမီ ချေးငွေစည်းကမ်းချက်များကို သေချာစွာဆန်းစစ်သည်။					
2	The institution utilizes standardized forms for loan applications and loan contracts. အဖွဲ့အစည်းသည် ချေးငွေလျှောက်လွှာများနှင့် ချေးငွေစာချုပ်များအတွက် စံသတ်မှတ်ထားသော ပုံစံများကို အသုံးပြုသည်။					
3	Prior to loan disbursement, the borrower's financial condition and assets are evaluated. ချေးငွေထုတ်ပေးခြင်းမပြုမီ ချေးငွေယူမည့်သူ၏ ငွေကြေးအခြေအနေနှင့် ပိုင်ဆိုင်မှုများကို အကဲဖြတ်သည်။					
4	The borrower's credit history is routinely assessed before credit approval. ချေးငွေခွင့်ပြုချက်မပေးမီ ချေးငွေယူမည့်သူ၏ ကြွေးမြီမှတ်တမ်းကို ပုံမှန်စစ်ဆေးသည်။					
5	Clients are eligible for the loan after compulsory savings. Client များသည် compulsory savings (မဖြစ်နေစုဆောင်းငွေ) စုဆောင်းပြီးမှသာ ချေးငွေရယူခွင့်ရှိသည်။					
6	Interest rate and other fees are charged from the institution. အတိုးနှုန်းနှင့် အခြားအခကြေးငွေများကို အဖွဲ့အစည်းမှ ကောက်ခံသည်။					
7	A maximum period is given to borrowers to repay their loans. ချေးငွေပြန်ဆပ်ရန် ချေးငွေယူသူများအတွက် အများဆုံးအချိန်ကာလ သတ်မှတ်ပေးထားသည်။					

b. Credit Appraisal Process

Sr. No.	Statement	Significant Level				
		1	2	3	4	5
1	The credit scoring system accurately predicts the probability of borrower default. ချေးငွေအကဲဖြတ်စနစ်သည် ချေးငွေမပြန်ဆပ်နိုင်မှု ဖြစ်နိုင်ခြေကို တိကျစွာ ခန့်မှန်းပေးသည်။					
2	The credit scoring system provides consistent results across various borrowers. ချေးငွေအကဲဖြတ်စနစ်သည် မတူညီသော ချေးငွေယူ သူများအား တသမတ်တည်းရလဒ်များ ပေးစွမ်းသည်။					
3	Performing credit scoring to identify credit risks and determine financial requirements for loan applications is essential for the institution. ချေးငွေအန္တရာယ်များကို ဖော်ထုတ်ရန်နှင့် ချေးငွေ လျှောက်ထားမှု များအတွက် ငွေကြေးလိုအပ်ချက်များကို ဆုံးဖြတ်ရန် ချေးငွေအကဲဖြတ်ခြင်းကို ဆောင်ရွက်ခြင်းသည် အဖွဲ့အစည်းအတွက် အရေးကြီးပါသည်။					
4	The credit approval process guarantees a thorough examination and evaluation of loan applications. ချေးငွေခွင့်ပြုခြင်းလုပ်ငန်းစဉ်သည် ချေးငွေလျှောက်ထားမှု များကို စေ့စေ့စပ်စပ် စစ်ဆေးအကဲဖြတ်၍ အာမခံပေးသည်။					
5	The credit appraisal process provides a comprehensive assessment of the borrower's ability to repay loans. ချေးငွေအကဲဖြတ်ခြင်းလုပ်ငန်းစဉ်သည် ချေးငွေပြန်ဆပ် နိုင်စွမ်းကို စုံလင်စွာ အကဲဖြတ်ပေးသည်။					
6	The credit appraisal process adequately considers the borrower's capacity to fulfill financial commitments. ချေးငွေအကဲဖြတ်ခြင်းလုပ်ငန်းစဉ်သည် ချေးငွေယူသူ၏ ငွေကြေးတာဝန်များကို ဖြည့်ဆည်းနိုင်စွမ်းကို လုံလောက်စွာ ထည့်သွင်းစဉ်းစားသည်။					
7	The credit appraisal process evaluates the borrower's reliability in meeting financial obligations. ချေးငွေအကဲဖြတ်ခြင်းလုပ်ငန်းစဉ်သည် ငွေကြေးတာဝန်များကို ဖြည့်ဆည်းရာတွင် ချေးငွေယူသူ၏ ယုံကြည်စိတ်ချရမှုကို ဆန်းစစ်သည်။					

c. Credit Collection Practices

Sr. No.	Statement	Significant Level				
		1	2	3	4	5
1	The institution has a daily delinquency monitoring system. အဖွဲ့အစည်းတွင် နေ့စဉ်အချိန်လွန်ကြွေးမြီ စောင့်ကြည့်ရေး စနစ် ရှိသည်။					
2	The institution regularly follows up with borrowers to ensure the timely repayment of loans. အဖွဲ့အစည်းသည် ချေးငွေများ အချိန်မီပြန်ဆပ်နိုင်ရန် ချေးငွေ ယူသူများနှင့် ပုံမှန်လိုက်လံဆက်သွယ် ဆောင်ရွက်သည်။					
3	The institution uses various collection methods, such as phone calls, written notices, and personal visits. အဖွဲ့အစည်းသည် ဖုန်းခေါ်ဆိုခြင်း၊ စာဖြင့်အကြောင်းကြားခြင်းနှင့် ကိုယ်တိုင်သွားရောက်ဆက်သွယ်ခြင်းစသည့် နည်းမျိုးစုံကို အသုံးပြုသည်။					
4	The institution offers flexible repayment options to borrowers facing financial difficulties. အဖွဲ့အစည်းသည် ငွေကြေးအခက်အခဲရှိသော ချေးငွေ ယူသူများအား ပြန်ဆပ်မှုဆိုင်ရာ ပြောင်းလွယ်ပြင်လွယ် ရွေးချယ်စရာများ ပြုလုပ်ပေးသည်။					
5	The institution works with borrowers to restructure loans in case of repayment challenges. ချေးငွေပြန်ဆပ်ရာတွင် အခက်အခဲရှိပါက အဖွဲ့အစည်းသည် ချေးငွေယူသူများနှင့် ပူးပေါင်း၍ ချေးငွေပြန်လည် ဖွဲ့စည်းပေးသည်။					
6	Staff incentives are more effective in the collection of delinquent loans. ဝန်ထမ်းများအား ဆုကြေးပေးခြင်းသည် အချိန်လွန် ကြွေးမြီများ ကောက်ခံရာတွင် ပိုမိုထိရောက်မှုရှိသည်။					
7	The institution is arranged to be convenient for transportation in loan collection. အဖွဲ့အစည်းသည် ချေးငွေကောက်ခံရာတွင် သွားလာရေး အဆင်ပြေစေရန် စီစဉ်ဆောင်ရွက်ပေးထားသည်။					

d. Control and Monitoring

Sr. No.	Statement	Significant Level				
		1	2	3	4	5
1	The institution regularly educates clients on borrowing terms and conditions. အဖွဲ့အစည်းသည် ချေးငွေယူသူများအား ချေးငွေဆိုင်ရာ စည်းကမ်းချက်များနှင့် သတ်မှတ်ချက်များကို ပုံမှန်အသိ ပညာပေးသည်။					
2	The institution monitors timely repayments for loans. အဖွဲ့အစည်းသည် ချေးငွေများ အချိန်မီပြန်ဆပ်မှုကို စောင့်ကြည့်သည်။					
3	The institution utilizes data analytics to identify trends, forecast potential risks, and make informed decisions. အဖွဲ့အစည်းသည် အချက်အလက်များကို ဆန်းစစ်သုံးသပ်ကာ အလေ့အထများကို ဖော်ထုတ်ခြင်း၊ ဖြစ်နိုင်ခြေရှိသော အန္တရာယ်များကို ကြိုတင်ခန့်မှန်းခြင်းနှင့် အချက်အလက် အခြေပြု ဆုံးဖြတ်ချက်များချမှတ်ရန် အသုံးပြုသည်။					
4	The institution provides regular training for staff on monitoring techniques, risk assessment, and client communication. အဖွဲ့အစည်းသည် ဝန်ထမ်းများအား စောင့်ကြည့်ရေး နည်းလမ်းများ၊ အန္တရာယ်အကဲဖြတ်ခြင်းနှင့် ဖောက်သည် ဆက်သွယ်ရေးဆိုင်ရာ လေ့ကျင့်သင်ကြားမှုများကို ပုံမှန်ပို့ချပေးသည်။					
5	The institution frequently reminds borrowers of their outstanding amount. အဖွဲ့အစည်းသည် ချေးငွေယူသူများအား လက်ကျန်ချေးငွေ ပမာဏကို မကြာခဏအသိပေးသည်။					
6	The institution keeps track of payments using the portfolio at risk method. အဖွဲ့အစည်းသည် Portfolio at Risk နည်းလမ်းကို အသုံးပြု၍ ပြန်ဆပ်ငွေများကို စောင့်ကြည့်ထိန်းသိမ်းသည်။					
7	The internal audit verifies the loan documents. အတွင်းစစ်ဆေးရေးအဖွဲ့က ချေးငွေစာရွက်စာတမ်းများကို စစ်ဆေးအတည်ပြုသည်။					

e. Credit Recovery Process

Sr. No.	Statement	Significant Level				
		1	2	3	4	5
1	The institution has clear procedures for tracking and managing defaulted loans. အဖွဲ့အစည်းတွင် ပြန်ဆပ်မှုမပြုနိုင်သော ချေးငွေများအား ခြေရာခံကာ စီမံခန့်ခွဲရန် ရှင်းလင်းသော လုပ်ငန်းစဉ်များ ရှိသည်။					
2	The institution has a structured and formal strategy for recovering defaulted loans. အဖွဲ့အစည်းတွင် ပြန်ဆပ်မှုမပြုနိုင်သော ချေးငွေများအား ပြန်လည်ကောက်ခံရန် စနစ်တကျဖွဲ့စည်းထားသော နည်းဗျူဟာရှိသည်။					
3	The institution applies different recovery methods based on the severity of the default. အဖွဲ့အစည်းသည် ပြန်ဆပ်မှုမပြုနိုင်ခြင်း၏ ပြင်းထန်မှုအလိုက် ကွဲပြားသော ပြန်လည်ကောက်ခံရေးနည်းလမ်းများကို အသုံးပြုသည်။					
4	The institution uses a proactive approach to identify and address potential defaults early. အဖွဲ့အစည်းသည် ဖြစ်နိုင်ခြေရှိသော ပြန်ဆပ်မှုမပြုနိုင်ခြေများကို စောစီးစွာသိရှိကာ ဖြေရှင်းနိုင်ရန် တက်ကြွစွာဆောင်ရွက်သော ချဉ်းကပ်နည်းကို အသုံးပြုသည်။					
5	The institution offers financial advice or assistance to clients facing repayment difficulties. အဖွဲ့အစည်းသည် ပြန်ဆပ်မှုအခက်အခဲရှိသော ဖောက်သည်များအား ငွေကြေးဆိုင်ရာ အကြံဉာဏ်များနှင့် အကူအညီများ ပေးအပ်သည်။					
6	The institution regularly monitors the status of outstanding loans to prevent defaults. ပြန်ဆပ်မှုမပြုနိုင်ခြင်းများ မဖြစ်စေရန် အဖွဲ့အစည်းသည် ကျန်ရှိနေသေးသော ချေးငွေများ၏ အခြေအနေကို ပုံမှန်စောင့်ကြည့်သည်။					
7	Legal action is considered a last resort in the credit recovery process. ချေးငွေပြန်လည်ကောက်ခံရေးလုပ်ငန်းစဉ်တွင် တရားဥပဒေနည်းလမ်းဖြင့် ဆောင်ရွက်ခြင်းကို နောက်ဆုံးနည်းလမ်းအဖြစ် သတ်မှတ်သည်။					

Section C: Financial Performance

Please tick as appropriate for yourself. The meanings of numbers are as follows:

Strongly Agree = 5, Agree = 4, Neutral = 3, Disagree = 2, Strongly Disagree = 1

Sr. No.	Statement	Significant Level				
		1	2	3	4	5
1	The institution's liquidity impacts its ability to meet financial expectations about credit management practices. အဖွဲ့အစည်း၏ ငွေကြေးလုံလောက်မှုသည် ချေးငွေစီမံခန့်ခွဲမှု လုပ်ငန်းစဉ်များနှင့် ပတ်သက်သော ငွေကြေးမျှော်မှန်းချက်များကို ဖြည့်ဆည်းနိုင်စွမ်းအပေါ် သက်ရောက်မှု ရှိသည်။					
2	The current ratio indicates the institution's ability to pay off its short-term liabilities with its short-term assets, reflecting its liquidity positions. current ratio အချိုးသည် အဖွဲ့အစည်း၏ လက်ရှိပိုင်ဆိုင်မှုများဖြင့် ကာလတိုတာဝန်များကို ပြန်ဆပ်နိုင်စွမ်းကို ဖော်ပြပြီး ၎င်း၏ ငွေကြေးလုံလောက်မှုအခြေအနေကို ရောင်ပြန်ဟပ်သည်။					
3	A higher current ratio suggests a stronger liquidity position and financial health, indicating that the institution can easily meet its short-term obligations. မြင့်မားသော current ratio အချိုးသည် ပိုမိုကောင်းမွန်သော ငွေကြေးလုံလောက်မှုနှင့် ဘဏ္ဍာရေးကျန်းမာမှုကို ညွှန်းဆိုပြီး အဖွဲ့အစည်းသည် ၎င်း၏ကာလတိုတာဝန်များကို အလွယ်တကူဖြည့်ဆည်းနိုင်ကြောင်း ဖော်ပြသည်။					
4	A high quick ratio indicates strong financial stability and the ability to meet short-term obligations quickly without liquidating long-term assets. မြင့်မားသော quick ratio အချိုးသည် ခိုင်မာသော ဘဏ္ဍာရေးတည်ငြိမ်မှုနှင့် ရေရှည်ပိုင်ဆိုင်မှုများကို အရင်းအမြစ်မပြောင်းဘဲ ကာလတိုတာဝန်များကို အမြန်ဆုံးဖြည့်ဆည်းနိုင်စွမ်းကို ဖော်ပြသည်။					
5	The institution's disbursement rate influences its ability to meet financial performance expectations related to credit management practices. အဖွဲ့အစည်း၏ ချေးငွေထုတ်ပေးနှုန်းသည် ချေးငွေစီမံခန့်ခွဲမှုလုပ်ငန်းစဉ်များနှင့် သက်ဆိုင်သော ငွေကြေးစွမ်းဆောင်ရည်မျှော်မှန်းချက်များကို ဖြည့်ဆည်းနိုင်စွမ်းအပေါ် သက်ရောက်မှုရှိသည်။					

6	<p>The institution's collection rate influences its ability to meet financial performance expectations about credit management practices.</p> <p>အဖွဲ့အစည်း၏ ချေးငွေပြန်ဆပ်နှုန်းသည် ချေးငွေစီမံခန့်ခွဲမှုလုပ်ငန်းစဉ်များနှင့် ပတ်သက်သော ငွေကြေးစွမ်းဆောင်ရည်မျှော်မှန်းချက်များကို ဖြည့်ဆည်းနိုင်စွမ်းအပေါ် သက်ရောက်မှုရှိသည်။</p>					
7	<p>The institution's Return on Assets (ROA) reflects its profitability in meeting financial performance expectations regarding credit management practices.</p> <p>အဖွဲ့အစည်း၏ ပိုင်ဆိုင်မှုအပေါ်အကျိုးအမြတ် (ROA) သည် ချေးငွေစီမံခန့်ခွဲမှု လုပ်ငန်းစဉ်များနှင့်သက်ဆိုင်သော ငွေကြေးစွမ်းဆောင်ရည်မျှော်မှန်းချက်များကို ဖြည့်ဆည်းရာတွင် ၎င်း၏ အမြတ်အစွန်းရရှိမှုကို ရောင်ပြန်ဟပ်သည်။</p>					
8	<p>Expanding the loan portfolio while maintaining asset quality increases income without proportionally increasing assets, improving ROA.</p> <p>ပိုင်ဆိုင်မှုအရည်အသွေးကို ထိန်းသိမ်းရင်း ချေးငွေစာရင်းကို ချဲ့ထွင်ခြင်းသည် ပိုင်ဆိုင်မှုများကို အချိုးကျတိုးမြှင့်ခြင်းမရှိဘဲ ဝင်ငွေကိုတိုးစေကာ ROA ကိုတိုးတက်စေသည်။</p>					
9	<p>The institution's Return on Equity (ROE) reflects its profitability in meeting financial performance expectations regarding credit management practices.</p> <p>အဖွဲ့အစည်း၏ မတည်ငွေအပေါ်အကျိုးအမြတ် (ROE) သည် ချေးငွေစီမံခန့်ခွဲမှု လုပ်ငန်းစဉ်များနှင့် သက်ဆိုင်သော ငွေကြေးစွမ်းဆောင်ရည်မျှော်မှန်းချက်များကို ဖြည့်ဆည်းရာတွင် ၎င်း၏ အမြတ်အစွန်းရရှိမှုကို ရောင်ပြန်ဟပ်သည်။</p>					
10	<p>Return on Equity (ROE) shows how effectively the institution is generating profit from the equity invested by shareholders.</p> <p>မတည်ငွေအပေါ်အကျိုးအမြတ် (ROE) သည် အဖွဲ့အစည်းအနေဖြင့် ရှယ်ယာရှင်များမှ ရင်းနှီးမြှုပ်နှံထားသော မတည်ငွေများမှ အကျိုးအမြတ်များကို မည်မျှထိရောက်စွာ ရရှိနေသည်ကို ဖော်ပြသည်။</p>					

APPENDIX B

Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	95	60.5	60.5	60.5
	Male	62	39.5	39.5	100.0
	Total	157	100.0	100.0	

Age					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Under 25 years	7	4.5	4.5	100.0
	Between 26 and 35 years	110	70.1	70.1	70.1
	Between 36 and 45 years	39	24.8	24.8	94.9
	Between 46 and 55 years	1	.6	.6	95.5
	Total	157	100.0	100.0	

Educational Level					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Graduated	150	95.5	95.5	95.5
	Master Degree	7	4.5	4.5	100.0
	Total	157	100.0	100.0	

Department					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Credit	26	16.5	16.5	16.5
	Finance and Accounting	29	18.5	18.5	35.0
	Internal Audit	3	1.9	1.9	36.9
	Management	2	1.2	1.2	38.1
	Operations and Business Development	97	61.9	61.9	100.0
	Total	157	100.0	100.0	

Duration with organization/department					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 to 3 years	42	26.8	26.8	26.8
	3 to 5 years	21	13.4	13.4	40.1
	5 to 8 years	44	28.0	28.0	68.2
	Below 1 year	34	21.7	21.7	89.8
	Over 8 years	16	10.2	10.2	100.0
	Total	157	100.0	100.0	

Monthly income					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 500,000 Ks	94	59.9	59.9	59.9
	500,001 – 1,000,000 Ks	51	32.5	32.5	92.4
	1,000,001 – 1,500,000 Ks	7	4.5	4.4	96.8
	More than 2,500,000 Ks	5	3.2	3.2	100.0
	Total	157	100.0	100.0	

Reliability Analysis

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.699	.709	7

Item Statistics			
	Mean	Std. Deviation	N
Credit Policy1	4.49	.502	157
Credit Policy2	4.69	.462	157
Credit Policy3	4.51	.502	157
Credit Policy4.	4.54	.500	157
Credit Policy5	4.23	.422	157
Credit Policy6	4.59	.493	157
Credit Policy7	4.08	.408	157

Summary Item Statistics							
	Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance	N of Items
Item Means	4.448	4.083	4.694	.611	1.150	.046	7

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.765	.767	7

Item Statistics			
	Mean	Std. Deviation	N
Credit Appraisal Process1	4.08	.401	157
Credit Appraisal Process2	3.99	.431	157
Credit Appraisal Process3	3.96	.422	157
Credit Appraisal Process4	3.52	.739	157
Credit Appraisal Process5	4.12	.701	157
Credit Appraisal Process6	3.93	.699	157
Credit Appraisal Process7	4.32	.543	157

Summary Item Statistics							
	Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance	N of Items
Item Means	3.989	3.522	4.318	.796	1.226	.059	7

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.792	.712	7

Item Statistics			
	Mean	Std. Deviation	N
Credit Collection Practices1	4.06	.672	157
Credit Collection Practices2	3.99	.789	157
Credit Collection Practices3	3.92	.660	157
Credit Collection Practices4	3.80	.780	157
Credit Collection Practices5	3.83	.807	157
Credit Collection Practices6	4.48	.550	157
Credit Collection Practices7	3.97	.950	157

Summary Item Statistics							
	Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance	N of Items
Item Means	4.007	3.803	4.478	.675	1.178	.051	7

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.794	.804	7

Item Statistics			
	Mean	Std. Deviation	N
Control and Monitoring1	4.54	.615	157
Control and Monitoring2	4.43	.580	157
Control and Monitoring3	4.63	.558	157
Control and Monitoring4	4.57	.601	157
Control and Monitoring5	4.55	.499	157
Control and Monitoring6	4.10	.464	157
Control and Monitoring7	4.31	.502	157

Summary Item Statistics							
	Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance	N of Items
Item Means	4.446	4.096	4.631	.535	1.131	.035	7

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.886	.888	7

Item Statistics			
	Mean	Std. Deviation	N
Credit Recovery Process1	4.11	.402	157
Credit Recovery Process2	4.10	.426	157
Credit Recovery Process3	4.23	.492	157
Credit Recovery Process4	4.04	.472	157
Credit Recovery Process5	4.33	.472	157
Credit Recovery Process6	4.01	.431	157
Credit Recovery Process7	4.05	.405	157

Summary Item Statistics							
	Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance	N of Items
Item Means	4.125	4.006	4.331	.325	1.081	.013	7

Case Processing Summary			
		N	%
Cases	Valid	157	100.0
	Excluded ^a	0	.0
	Total	157	100.0
a. Listwise deletion based on all variables in the procedure.			

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.868	.871	10

Item Statistics			
	Mean	Std. Deviation	N
Financial Performance1	4.32	.543	157
Financial Performance2	4.13	.419	157
Financial Performance3	4.10	.491	157
Financial Performance4	4.01	.555	157
Financial Performance5	4.16	.537	157
Financial Performance6	4.13	.495	157
Financial Performance7	4.19	.482	157
Financial Performance8	4.19	.533	157
Financial Performance9	4.15	.455	157
Financial Performance10	4.10	.516	157

Summary Item Statistics							
	Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance	N of Items
Item Means	4.148	4.013	4.318	.306	1.076	.006	10

Correlation Analysis

		Correlations					
		CP	CAP	CCP	CM	CR	FP
CP	Pearson Correlation	1	.456**	.744**	.668**	.593**	.556**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	157	157	157	157	157	157
CAP	Pearson Correlation	.456**	1	.615**	.696**	.754**	.811**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	157	157	157	157	157	157
CCP	Pearson Correlation	.744**	.615**	1	.632**	.644**	.728**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	157	157	157	157	157	157
CM	Pearson Correlation	.668**	.696**	.632**	1	.644**	.774**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	157	157	157	157	157	157
CR	Pearson Correlation	.593**	.754**	.644**	.644**	1	.859**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	157	157	157	157	157	157
FP	Pearson Correlation	.556**	.811**	.728**	.774**	.859**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	157	157	157	157	157	157

** . Correlation is significant at the 0.01 level (2-tailed).

Multiple Linear Regression Analysis

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.771 ^a	.595	.581	.29189	1.649

a. Predictors: (Constant), CR, CP, CM, CAP, CCP

b. Dependent Variable: FP

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	18.867	5	3.773	44.291	.000 ^b
	Residual	12.865	151	.085		
	Total	31.732	156			
a. Dependent Variable: FP						
b. Predictors: (Constant), CR, CP, CM, CAP, CCP						

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.596	.237		2.515	.013		
	CP	-.062	.039	-.110	-1.597	.112	.563	1.775
	CAP	.460	.078	.438	5.883	.000	.484	2.068
	CCP	.151	.062	.190	2.425	.016	.437	2.286
	CM	.142	.062	.167	2.286	.024	.500	1.999
	CR	.180	.050	.225	3.606	.000	.687	1.455
a. Dependent Variable: FP								